



14 May 2024

Philippine Dealing & Exchange Corp.

29th Floor, BDO Equitable Tower,
8751 Paseo de Roxas,
Makati City 1226

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head - Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

Dear Atty. Selleza:

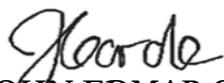
In compliance with PDEx Rule 7.9.3, we enclose a copy of Cebu Landmasters, Inc.'s ("CLI" or the "Company") disclosure filing to The Philippine Stock Exchange, Inc.

We trust that this submission meets your requirements. If you have questions and/or clarifications, please feel free to contact the undersigned. Thank you.

Very truly yours,

CEBU LANDMASTERS, INC.

By:


ATTY. JOHN EDMAR G. GARDE
Legal Counsel and Compliance Senior Manager

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter

CEBU LANDMASTERS, INC.

3. Province, country or other jurisdiction of incorporation or organization

CEBU CITY, CEBU, PHILIPPINES

4. SEC Identification Number

CS200321240

5. BIR Tax Identification Code

227-599-320-000

6. Address of principal office

10TH FLOOR, PARK CENTRALE TOWER, JOSE MA. DEL MAR ST., CEBU I.T. PARK,
BRGY. APAS, CEBU CITY, PHILIPPINES

Postal Code

6000

7. Registrant's telephone number, including area code

(032) 231-4870

8. Date, time and place of the meeting of security holders

04 JUNE 2024, 9:30 A.M., Hybrid of remote through teleconferencing and/or
videoconferencing, and in-person in Citadines, Baseline Center, Juana Osmeña St.,
Cebu City 6000

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 14, 2024

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA
(information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	3,465,201,467
PREFERRED SHARES	4,280,340

13. Are any or all of registrant's securities listed on a Stock Exchange?

- Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE - COMMON SHARES AND PREFERRED SHARES

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Cebu Landmasters, Inc.

CLI

**PSE Disclosure Form 17-5 - Information Statement for Annual or
Special Stockholders' Meeting**
*References: SRC Rule 20 and
Section 17.10 of the Revised Disclosure Rules*

Date of Stockholders' Meeting	Jun 4, 2024
Type (Annual or Special)	Annual
Time	9:30 AM
Venue	Hybrid of remote through teleconferencing and/or videoconferencing, and in-person in Citadines, Baseline Center, Juana Osmeña St., Cebu City
Record Date	Apr 23, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Apr 24, 2024
End date	Apr 30, 2024

Other Relevant Information

If you are a CLI stockholder as of 23 April 2024 and intend to join this Annual Stockholders Meeting to be held on 04 June 2024, kindly send an email to corporate.secretary@cebulandmasters.com. Thank you.

CEBU LANDMASTERS, INC.

(Company's Full Name)

**10TH FLOOR, PARK CENTRALE TOWER
JOSE MA. DEL MAR ST., B2 L3
CEBU IT PARK, BRGY. APAS
CEBU CITY, PHILIPPINES 6000**

(Company Address)

(032) 231 - 4870

(Telephone Number)

March 31, 2024

(Fiscal Year Ended)

**SEC Form 20-IS
Definitive Information Statement**

(Form Type)

(Amendments)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **CEBU LANDMASTERS, INC.**
3. **CEBU, PHILIPPINES**
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: **CS200321240**
5. BIR Tax Identification Code: **227-599-320-000**
6. **10th Floor, Park Centrale Tower, Jose Ma. del Mar St.
B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines** **6000**
 Address of principal office Postal Code
7. Registrant's telephone number, including area code: **(032) 231-4870**
8. **04 June 2024, 9:30 A.M., hybrid of remote, through teleconferencing, videoconferencing,
and in-person in Citadines, Baseline Center, Juana Osmeña St., Cebu City 6000 Philippines**
 Date, time, and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent to security holders
14 May 2024 (Definitive Information Statement)
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: NOT APPLICABLE
Address and Telephone No.: NOT APPLICABLE
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding

Title of Each Class	2023 (as of 31 December 2023)	2024 (as of 31 March 2024)	As of 23 April 2024 (Record Date)
Common Shares - Outstanding	3,465,201,467	3,465,201,467	3,465,201,467
Common Shares - Treasury	158,250,530	158,250,530	158,250,530
Series A Preferred Shares	Nil	Nil	4,280,340

12. Are any or all of the registrant's securities listed in a Stock Exchange?
 Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
Philippine Stock Exchange – Common Shares
Philippine Stock Exchange – Preferred Shares

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PART I. INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time, and place of meeting of security holders

DATE: 04 June 2024 (Tuesday)
TIME: 9:30 A.M.
VENUE: Hybrid of remote, through teleconferencing and/or videoconferencing, and in-person in Citadines, Baseline Center, Juana Osmeña St., Cebu City 6000 Philippines

Mailing Address of Principal Office:

10th Floor, Park Centrale Tower, Jose Ma. del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City,
Philippines 6000

CLI undertakes to publish and upload copy of its Definitive Information Statement (SEC Form 20-ISA) and its accompanying annexures at the Company website indicated below no later than 14 May 2024, which is fifteen (15) business days before CLI's 2024 ASM, in compliance with the requirements of the Securities and Exchange Commission.

<https://cebulandmasters.com/investor-relations/stockholders-meeting>

Item 2. Dissenters' Right of Appraisal

Under Section 80 of the Revised Corporation Code of the Philippines (R.A. 11232), a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- (c) In case of merger or consolidation; and
- (d) Investment of funds in any other corporation or business or for any purpose other than the primary purpose for which the Corporation was organized.

There are no matters to be acted upon in this Regular Stockholders Meeting of Cebu Landmasters, Inc. ("CLI" or the "Company") that may give rise to the exercise of appraisal rights by stockholders in accordance with the afore-quoted provisions of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) There exists no conflict-of-interest situation for any of the individual members of the CLI Board of Directors ("CLI Directors") that require disclosure under this item.
- (b) None of the CLI Directors is opposing any action to be taken by the Company in this Regular Stockholders' Meeting. CLI is not aware of any other party who has indicated an intention to oppose the motions set forth in the Agenda.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) **Number of Outstanding Shares as of 23 April 2024 (Record Date)**

Common Shares - Outstanding (Voting)	3,465,201,467
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Common Shares - Treasury (Non-Voting)	158,250,530
Series "A" Preferred Shares (Non-Voting)	4,280,340

(b) **Record Date: 23 April 2024**

Pursuant to the resolution of the CLI Board during its regular meeting held on 18 March 2024, all CLI shareholders entitled to vote as of Record Date (23 April 2024) are entitled to attend and vote at the Regular Stockholders' Meeting to be held on 04 June 2024.

(c) **Manner of Voting**

Each holder of CLI voting shares is entitled to one (1) vote for every outstanding common share in accordance with Section 7, Article III of CLI's By-laws as amended on 01 July 2016.

For the election of Board directors, holders of CLI shares entitled to vote as of the record date of 23 April 2024 may vote their shares by way of "cumulative voting for one candidate" or "cumulative voting by distribution", all in keeping with Sec. 23 of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines ("RCC", for brevity).

In "cumulative voting for one candidate", a holder of CLI stocks entitled to vote may lump and vote all of his/her cumulative shares for one candidate such that if he/she owns 1,000 voting shares and there are nine (9) directors standing for election, he/she may cast all of his/her 9,000 votes in favor of one candidate. In "cumulative voting by distribution", he/she may cast his/her 9,000 votes among two or more candidates equally or some other proportion at his/her discretion. The Company sets no condition precedent for the exercise of one voting method over the other since these options are provided for by law.

Consistent with Sec. 57 of the RCC, CLI stockholders may vote in person or by proxy in all meetings of stockholders.

Proxies shall be in writing, signed, and filed by the stockholder in any form authorized by CLI's By-laws and received by the Office of the Corporate Secretary within a reasonable time before the scheduled meeting. Unless otherwise provided in the proxy form, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.

As of this publication, voting through remote communication or in absentia is not yet authorized in the Company's By-laws or by the majority of the Board of Directors. However, stockholders or their proxies who wish to join this Regular Stockholders' Meeting remotely can send their ballots or proxy forms, where they can indicate their votes on every agenda item, to the Corporate Secretary on or before May 28, 2024 so that such votes can be counted prior to the meeting. Copies of the ballots and proxy forms are attached herewith as Annexures "B", "C", and "D".

As regards treasury shares, pursuant to Sec. 56 of the RCC, the same shall have no voting rights as long as they remain in the treasury.

The recently issued and listed Series "A" Preferred Shares have no voting rights except as specifically provided under the RCC. Hence, the holders and/or beneficial owners of Series "A" Preferred Shares are not eligible or entitled to vote for and elect the CLI Directors and/or vote for other agenda items in the Regular Stockholders Meeting.

(d) **Security Ownership of Certain Record and Beneficial Owners**

Below are the holders and/or beneficial owners of CLI shares of stock and which are entitled to vote as of Record Date (23 April 2024):

Class	Name, Address of Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Issued and Outstanding Shares	Percentage to Total Issued and Outstanding Shares
Common	AB Soberano Holdings Corp.	AB Soberano Holdings Corp.	Filipino	2,198,385,729	60.67%

	Address: 2nd Street Villa San Lorenzo, Quijada Street, Guadalupe, Cebu City 6000 Relationship with CLI: Parent Company	(Direct)			
Common	AB Soberano Holdings Corp. Address: 2nd Street Villa San Lorenzo, Quijada Street, Guadalupe, Cebu City 6000 Relationship with CLI: Parent Company	AB Soberano Holdings Corp. (Direct)	Filipino	21,345,560	0.59%
Common	AB Soberano Holdings Corp. Address: 2nd Street Villa San Lorenzo, Quijada Street, Guadalupe, Cebu City 6000 Relationship with CLI: Parent Company	AB Soberano Holdings Corp. (Direct)	Filipino	63,675,306	1.76%
Common	AB Soberano Holdings Corp. Address: 2nd Street Villa San Lorenzo, Quijada Street, Guadalupe, Cebu City 6000 Relationship with CLI: Parent Company	AB Soberano Holdings Corp. (Direct)	Filipino	5,463,500	0.15%
Common	PCD NOMINEE CORP. (FILIPINO) Address: PDS Group 29th Floor, Equitable Tower, 8751 Paseo de Roxas, Makati City 1226 Relationship with CLI: None	PCD participants acting for themselves or for their customers (Indirect)	Filipino	1,242,864,983	34.30%
Common	PCD NOMINEE CORP. (NON-FILIPINO)	PCD participants acting for themselves or	Others	42,752,352	1.18%

	<p>Address: PDS Group 29th Floor, Equitable Tower, 8751 Paseo de Roxas, Makati City 1226</p> <p>Relationship with CLI: None</p>	<p>for their customers</p> <p>(Indirect)</p>			
Common	<p>Jose R. Soberano III (Direct)</p> <p>Address: #2 Villa San Lorenzo, Don Gervacio Quijada St., Guadalupe, Cebu City</p> <p>Relationship with CLI: Chairman of the Board, President, and CEO of CLI. He is nominated as Director for the election in the annual stockholders meeting.</p>	<p>Jose R. Soberano III (Direct)</p>	Filipino	31,220,000	0.86%
Common	<p>Jose Franco B. Soberano</p> <p>Address: #2 Villa San Lorenzo, Don Gervacio Quijada St., Guadalupe, Cebu City</p> <p>Relationship with CLI: Director, COO and Executive Vice-President of CLI. He is nominated as Director for the election in the annual stockholders meeting.</p>	<p>Jose Franco B. Soberano (Direct)</p>	Filipino	7,247,500	0.20%
Common	<p>Janella Mae B. Soberano-Wu</p> <p>Address: #2 Villa San Lorenzo, Don Gervacio Quijada St., Guadalupe, Cebu City</p> <p>Relationship with CLI: Assistant Vice-President for</p>	<p>Janella Mae B. Soberano-Wu (Direct)</p>	Filipino	5,017,500	0.14%

	Corporate Communication s and Customer Relations				
Common	<p>Joanna Marie B. Soberano-Bergundthal</p> <p>Address: #2 Villa San Lorenzo, Don Gervacio Quijada St., Guadalupe, Cebu City</p> <p>Relationship with CLI: Director and Vice-President for Marketing of CLI. She is nominated as Director for the election in the annual stockholders meeting.</p>	<p>Joanna Marie B. Soberano-Bergundthal</p> <p>(Direct)</p>	Filipino	5,017,500	0.14%
Common	<p>Ma. Nona A. Velez</p> <p>Address: Cebu City</p> <p>Relationship with CLI: None</p>	<p>Ma. Nona A. Velez</p>	Filipino	300,000	0.01%
Common	<p>Myrna P. Villanueva</p> <p>Address: Pasay City</p> <p>Relationship with CLI: None</p>	<p>Myrna P. Villanueva</p> <p>(Direct)</p>	Filipino	39,300	0.00%
Common	<p>Milagros P. Villanueva</p> <p>Address: Pasay City</p> <p>Relationship with CLI: None</p>	<p>Milagros P. Villanueva</p> <p>(Direct)</p>	Filipino	22,300	0.00%
Common	<p>Marietta V. Cabreza</p> <p>Address: Imus City, Cavite</p> <p>Relationship with CLI: None</p>	<p>Marietta V. Cabreza</p> <p>(Direct)</p>	Filipino	22,300	0.00%
Common	<p>Lolita Siao-Ignacio</p> <p>Address: Muntinlupa City</p>	<p>Lolita Siao-Ignacio</p> <p>(Direct)</p>	Filipino	22,300	0.00%

	Relationship with CLI: None				
Common	<p>Maria Lourdes M. Onozawa</p> <p>Address: Cebu City</p> <p>Relationship with CLI: None</p>	<p>Maria Lourdes M. Onozawa</p>	Filipino	22,300	0.00%
Common	<p>Myra P. Villanueva</p> <p>Address: Pasay City</p> <p>Relationship with CLI: None</p>	<p>Myra P. Villanueva</p> <p>(Direct)</p>	Filipino	33,450	0.00%
Common	<p>Owen Nathaniel S AU ITF: LI MARCUS AU</p> <p>Address: Bacolod City</p> <p>Relationship with CLI: None</p>	<p>Owen Nathaniel S AU ITF: LI MARCUS AU</p> <p>(Indirect)</p>	Filipino	111	0.00%
Common	<p>Jesus N. Alcordo</p> <p>Address: Muntinlupa City</p> <p>Relationship with CLI: Former Independent Director of CLI</p>	<p>Jesus N. Alcordo</p> <p>(Direct)</p>	Filipino	2	0.00%
Common	<p>Ma. Aurora D. Geotina-Garcia</p> <p>Address: 27 Sanson St., Corinthian Gardens, Quezon City</p> <p>Relationship with CLI: Independent Director of CLI and nominated as such for the election in the annual stockholders meeting.</p>	<p>Ma. Aurora D. Geotina - Garcia</p> <p>(Direct)</p>	Filipino	2	0.00%
Common	<p>Rufino Luis T. Manotok</p> <p>Address: 133 Rizal St., Ayala Southvale Village, Bacoor, Cavite</p>	<p>Rufino Luis T. Manotok</p> <p>(Direct)</p>	Filipino	2	0.00%

	Relationship with CLI: Lead Independent Director of CLI and nominated as such for the election in the annual stockholders meeting.				
			TOTAL	3,623,451,997	100%

In all stockholders' meetings, both regular and special, the Company shares held by AB Soberano Holdings Corp. are to be voted by JOSE FRANCO B. SOBERANO, who is one of its directors.

Meanwhile, there are two (2) companies under the PCD Nominee Corp. that hold at least five percent (5%) of CLI's shares as of this filing, namely Social Security System and BDO Securities Corporation. The Company has no information as to who would vote on their behalf since neither of them have sent their proxy forms to the Corporate Secretary as of this writing.

The recently issued and listed Series "A" Preferred Shares have no voting rights except as specifically provided under the Revised Corporation Code. Hence, the holders and/or beneficial owners of Series "A" Preferred Shares are not eligible or entitled to vote for and elect the CLI Directors and/or vote for other agenda items in the Regular Stockholders Meeting.

(e) Voting Trust Holders of 5% or More

To the best of the Company's knowledge, none of its security holders has created a voting trust for the purpose of conferring upon a trustee or trustees the right to vote and other rights pertaining to their shares as described and allowed under Sec. 58 of the RCC. As such, the other details required by this section are not applicable for purposes of this information statement.

(f) Change in Control of the Registrant since the Beginning of its last Fiscal Year

There is no change in control of the Registrant since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

(i) Information about Directors

At present, the Board consists of nine members, including three (3) independent directors in accordance with the requirements of the Securities Regulation Code and the SEC's Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). All of the Company's incumbent directors, including its independent directors, were re-elected at the Company's regular stockholders' meeting held on 01 June 2023 and will continue to serve as such until the next annual stockholders meeting or until their successors have been duly elected and qualified.

Members of the Board of Directors

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Citizenship</u>	<u>Date of first appointment as CLI Director</u>
Jose R. Soberano III	68	Chairman of the Board, President, and Chief Executive Officer (CEO)	Filipino	September 2003
Ma. Rosario B. Soberano	65	Director, Treasurer and Executive Vice-President	Filipino	September 2003
Jose Franco B. Soberano	38	Director, Chief Operating Officer (COO), and Senior Executive Vice-President	Filipino	November 2010
Beauregard Grant L. Cheng	42	Director, Chief Financial Officer (CFO), and Executive Vice-President	Filipino	May 2019

Joanna Marie S. Bergundthal	36	Director, Senior Vice-President for Marketing and Asst. Treasurer	Filipino	February 2017
Rufino Luis T. Manotok	73	Lead Independent Director	Filipino	February 2017
Ma. Aurora D. Geotina-Garcia	71	Independent Director	Filipino	February 2017
Atty. Ma. Jasmine S. Oporto	64	Independent Director	Filipino	August 2018
Stephen A. Tan	67	Non-Executive Director	Filipino	May 2019

Jose R. Soberano III, 68, Filipino, has been the Company's Chairman, CEO, and President since its incorporation in September 2003. He obtained a Bachelor of Arts degree in Economics from the Ateneo De Manila University in 1976 and completed the Strategic Business Economics Program at the University of Asia and Pacific in 2000. In 2015, he completed the Advanced Management Development Program in Real Estate from the Harvard University Graduate School. He previously worked for the Ayala Group of Companies for over 23 years, including various stints in Ayala Investment, Bank of the Philippine Islands, and in Ayala Land, Inc. where he was appointed Senior Division Manager in 1997. He was Vice-President of Cebu Holdings, Inc., the pioneer Ayala Land subsidiary in Cebu City when he resigned in 2000 from Ayala. He served as President of the Rotary Club of Cebu in 2011, and President of the Chamber of Real Estate Builders Association-Cebu (CREBA-Cebu) in 2010. Mr. Jose R. Soberano III has more than 20 years of experience in managing and heading companies engaged in real estate development.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose R. Soberano III also holds the following directorships and positions in the following non-publicly listed entities ("Non-PLC"). He does not hold directorships in other publicly-listed companies.

Name of Entity	Classification	Position
Center for Technology and Enterprise Inc.	Non-PLC	Chairman of the Board
Sri Visayan Foundation Inc.	Non-PLC	President
Cebu Country Club, Inc.	Non-PLC	President
Sugbu Chinese Heritage Museum Foundation Inc.	Non-PLC	Director and Treasurer
University of San Carlos	Non-PLC	Director and Trustee

Ma. Rosario B. Soberano, 65, Filipino, has served as the Director, Treasurer, and Executive Vice-President of the Company since September 2003. She received a Bachelor of Science major in Accountancy degree in 1979 and graduated summa cum laude from St. Theresa's College in Cebu. She also obtained a Master's Degree in Business Administration from the University of the Philippines ("UP") - Cebu in 1983. She is a Certified Public Accountant and a licensed real estate broker duly registered with the Professional Regulations Commission and Department of Human Settlements and Urban Development.

Other present directorships:

In addition to her directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Ma. Rosario B. Soberano does not hold directorships in other entities outside the CLI Group.

Jose Franco B. Soberano, 38, Filipino, has served as Director and COO since November 2010. He received a degree in Bachelor of Science in Management, major in Legal Management and minor in Finance, from the Ateneo de Manila University in 2007. In 2012, he obtained a Master's Degree in Real Estate Development from Columbia University in New York City. Prior to joining the Company, he was a Project Manager at Hewlett-Packard Asia Pacific (HK) Ltd.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Jose Franco B. Soberano also holds the following positions in other non-publicly listed entities ("Non-PLC"). He does not hold directorships in other publicly-listed companies.

Name of Entity	Classification	Position
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Global Shapers – Cebu Hub (an initiative of the World Economic Forum)	Non-PLC	Founding Member
Sacred Heart School – Ateneo de Cebu Alumni Association	Non-PLC	President

Beauregard Grant L. Cheng, 42, Filipino, is the CFO and an Executive Director of CLI since May 2019. Before joining CLI, he was a Senior Deal Manager with a rank of Vice-President at BDO Capital & Investment Corporation. He led his project teams in managing various complex capital market transactions and advised companies in a broad array of industries on corporate restructuring and reorganization. Previously, he was a private banker based in Singapore handling accounts for high net worth individuals and institutions. He is a registered Chartered Financial Analyst (“CFA”) Charter holder and is a member of the CFA Philippines Society. He earned his degree in Bachelor of Science in Manufacturing Engineering and Management as a Star Scholar from De La Salle University Manila and graduated Magna Cum Laude. He was awarded as one of the Top Ten Outstanding Students of the Philippines by the Philippine President. He earned his Masters of Science in Wealth Management with distinction from Singapore Management University and Swiss Finance Institute in Zurich. He was awarded as the 2022 ING-FINEX CFO of the Year, becoming its youngest recipient and the first awardee from a non-conglomerate organization. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

Other present directorships:

In addition to his directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Beauregard Grant L. Cheng does not hold directorships in other entities outside the CLI Group.

Joanna Marie S. Bergundthal, 36, Filipino, has served as Director of the Company since February 2017, and joined the Company as Vice-President and Marketing Director in July 2016. She earned from the University of Asia and the Pacific both her Bachelor and Master of Arts in Communication, Major in Integrated Marketing Communication in 2008 and 2009, respectively. She was Top 1 of her Batch 2008. Prior to joining the Company, she was a Marketing Manager of the Global Team of Nestle based in Switzerland from June 2014 to August 2015 and was Marketing Project Manager based in Thailand from August 2015 to June 2016. In October 2013 to May 2014, she worked as a Marketing Manager of Nestle Philippines.

Other present directorships:

In addition to her directorships and key positions held in joint ventures and other entities within the CLI Group, all non-publicly listed entities, Joanna Marie S. Bergundthal does not hold directorships in other entities outside the CLI Group.

Rufino Luis T. Manotok, 73, Filipino, joined as one of the Company’s Independent Directors in February 2017. He finished the Advanced Management Program of Harvard Business School in 1994. He earned his Master of Business Management degree from the Asian Institute of Management in 1973, and Bachelor of Arts, major in Economics from the Ateneo de Manila University in 1971. He was the Chairman and President of Ayala Automotive Holdings Corporation from 2009 to 2012. From 2007 to 2009, he was Ayala Corporation’s Senior Managing Director, CFO, and Chief Information Officer. He was Managing Director, heading the Strategic Planning Group of Ayala Corporation from 1998 to 2006. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Name of Entity	Classification	Nature of Directorship
Philippine Savings Bank	Publicly-listed	Independent Director
Manila Medical Services, Inc. (Manila Doctors Hospital)	Non-PLC	Independent Director
Manarsa Holdings, Inc.	Non-PLC	Chairman of the Board
Manotok Bros., Inc.	Non-PLC	Executive Director

Ma. Aurora D. Geotina-Garcia, 71, Filipino, has been an Independent Director of CLI since February 2017. A Certified Public Accountant, she started her professional career at SGV & Co. (Ernst & Young Philippines), where she led the Firm’s Global Corporate Finance Division. She is the Founding Chairperson and President of the Philippine Women’s Economic Network, Chairperson of the Governing Council of the Philippine Business Coalition for Women Empowerment, and Chairperson of the NextGen Organization of Women Corporate Directors. She is also the first female Chairperson of the Bases Conversion and Development Authority (BCDA) (2015 - 2016), and was a Director of BCDA subsidiaries. She is currently the President of Mageo Consulting Inc., a company providing business advisory and corporate finance consulting services. She is also the Chairperson and Trustee of the Shareholders’ Association of the

Philippines, and a Fellow and immediate past Vice Chairperson of the Institute of Corporate Directors (ICD). Ms. Garcia received her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines in 1973 and completed her Master of Business Administration from the same university in 1978. In 2012, she received the Distinguished Alumni Award from the University of the Philippines and was recognized as ASEAN Woman Entrepreneur at the ASEAN Business Awards in 2019. In March 2023, she received from the Philippines Board of Accountancy the Accountancy Centenary Award as one of 100 notable Certified Public Accountants in the country, in celebration of the Centenary of the Accounting Profession in the Philippines. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Name of Entity	Classification	Nature of Directorship / Position
ENEX Energy Corp.	Publicly-listed	Lead Independent Director
Professional Services, Inc.	Non-PLC	Independent Director
Mageo Consulting Inc.	Non-PLC	President

Atty. Ma. Jasmine S. Oporto, 64, Filipino, joined the Board of Directors of CLI as an Independent Director in August 2018. She obtained her Juris Doctor degree from the UP College of Law, and Bachelor of Landscape Architecture (*cum laude*) from the UP College of Architecture. She is a member of both the Philippine and New York bar associations. She also attended the Comparative International and American Law Program of the Center for American and International Law. She is an experienced Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary and has worked in said capacities with publicly listed companies, including Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation. She is also a certified Compliance & Risk Management Professional with the GRC Institute of Australia. In her legal practice, she has intensive experience in working with a wide network of external and in-house legal counsels for labor, commercial litigation, securities law, power industry regulation, land, infrastructure capital, and general corporate law. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors of the Company.

Other present directorships:

Atty. Ma. Jasmine S. Oporto has no other current and existing directorships in the Philippines (listed or non-listed).

Stephen A. Tan, 67, Filipino, has been a member of the CLI board as Non-Executive Director since May 2019. He is a Certified Public Accountant and a holder of an MBA, with distinction, from Katholieke Universiteit te Leuven in Belgium and a Bachelor of Science in Management Engineering from Ateneo de Manila University. He is also a Hubert H. Humphrey (Fulbright) Fellow in Agricultural Economics at the University of California, Davis. He earned his degree in Accounting from the University of San Carlos. Prior to retiring from CLI as CFO in May 2019, he has also served as CFO and Treasurer at various companies engaged in real estate development, construction, food, and shipbuilding, among others. For more than 30 years, he has been a part-time MBA professor in leading universities in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or officers of CLI.

Other present directorships:

Name of Entity	Classification	Nature of Directorship / Position
CLI-LITE Panglao Inc.	Non-PLC	Independent Director
Sacred Heart School – Ateneo de Cebu	Non-PLC	Board of Trustee
North Town Homes Homeowners' Association	Non-PLC	Director and Treasurer

(ii) **Nominees for Directors and Independent Directors**

The following are the nominees for CLI Directors, including CLI Independent Directors, for the 2024-2025 term who were all nominated by the Nominations Committee, composed of Dir. Jose R. Soberano III, Dir. Ma. Rosario B. Soberano, and Dir. Rufino Luis T. Manotok, the Chairperson of the Nominations Committee, in a regular meeting held on 01 March 2024. The Nomination Committee passed upon the qualifications of the nominees and ascertained that they do not possess any of the disqualifications. The nominated CLI Directors, including the nominated CLI Independent Directors, have signified their acceptance of the nominations.

Name	Age	Position	Citizenship
Jose R. Soberano III	68	Chairman of the Board	Filipino

Ma. Rosario B. Soberano	65	Director	Filipino
Jose Franco B. Soberano	38	Director	Filipino
Beauregard Grant L. Cheng	42	Director	Filipino
Joanna Marie S. Bergundthal	36	Director	Filipino
Rufino Luis T. Manotok	73	Lead Independent Director	Filipino
Ma. Aurora D. Geotina-Garcia	71	Independent Director	Filipino
Atty. Ma. Jasmine S. Oporto	64	Independent Director	Filipino
Stephen A. Tan	67	Non-Executive Director	Filipino

The nominated Independent Directors are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out his or her responsibilities as a director in CLI. They do not own more than five (5%) of the outstanding shares of CLI and/or its subsidiaries and affiliates. They are not related to any director, officer, or shareholder owning at least 20% of the outstanding capital stock of CLI. They are likewise not acting as a nominee or representative of any director or substantial shareholder of CLI and/or any of its subsidiaries and affiliates pursuant to a Deed of Trust or under any contract or arrangement. They have not been employed in any executive capacity in CLI, any of its related companies, and/or by any of its substantial shareholders within the last two (2) years, or have not been retained, either personally or through his firm or any similar entity, as professional adviser, by CLI or any of its subsidiaries and affiliates, within the last two (2) years, and they have not engaged in any transaction with CLI and/or with any of its subsidiaries and affiliates, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted on an arm's length basis. Lastly, they all possess the qualifications of an independent director, and they suffer from none of the disqualifications as provided for under the Revised Corporation Code, the Securities Regulation Code, and its pertinent rules and regulations.

The nomination, pre-screening, and election of the Independent Directors were made in accordance with SRC Rule 38, as amended, Article IV, Section 3 of CLI's Amended By-laws, the Nomination Committee Charter, and its pertinent guidelines.

(iii) **Information about Key Executives and Officers**

Executive Officers

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Citizenship</u>
Jose R. Soberano III	68	President and CEO	Filipino
Ma. Rosario B. Soberano	65	Treasurer and Executive Vice-President	Filipino
Jose Franco B. Soberano	38	COO and Senior Executive Vice-President	Filipino
Beauregard Grant L. Cheng	42	CFO and Executive Vice-President	Filipino
Joanna Marie S. Bergundthal	36	Senior Vice-President for Marketing and Asst. Treasurer	Filipino
Janella Mae S. Wu	32	Assistant Vice-President for Corporate Communications and Customer Relations	Filipino
Atty. Larri-Nil G. Veloso	45	First Vice-President for Legal and Asst. Corporate Secretary	Filipino
Marie Rose C. Yulo	55	First Vice-President for Sales	Filipino
Engr. Pedrito A. Capistrano, Jr.	60	First Vice-President for Engineering	Filipino
Sylvan John M. Monzon	48	First Vice-President for Business Development	Filipino
Mark Leo M. Chang	45	Vice-President for External Affairs	Filipino
Atty. Alan C. Fontanosa	61	Corporate Secretary	Filipino
Atty. John Edmar G. Garde	35	Compliance Officer	Filipino
Clarissa Mae A. Cabalda	34	Investor Relations Officer	Filipino
Marilou P. Plando	48	Chief Risk Officer	Filipino

Suzette Go	53	Data Protection Officer	Filipino
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For the description of the business experience, educational background, and other directorships, as applicable, of Jose R. Soberano III, Ma. Rosario B. Soberano, Jose Franco B. Soberano, Beauregard Grant L. Cheng, and Joanna Marie S. Bergundthal, please refer to the description set out under the section “Information about Directors”.

Janella Mae S. Wu, 32, Filipino, joined the Company as Corporate Communications and Customer Relations Head in January 2020. She obtained her Bachelor of Arts in Integrated Marketing Communications degree from the University of Asia and the Pacific, Manila in 2013 and completed her Master of Science in Strategic Communications at Columbia University, New York in 2020. Prior to graduate school, she worked for the Company as Marketing Manager from 2017 to 2018 and United Laboratories (UNILAB) as Brand Manager from 2013 to 2017. She is the daughter of Jose R. Soberano III and Ma. Rosario Soberano.

Atty. Larri-Nil G. Veloso, 45, Filipino, is the First Vice-President for Legal and serves as the Company’s Assistant Corporate Secretary. An experienced practitioner in Corporate Law, he holds a Bachelor of Arts in Mass Communication from UP and earned his Bachelor of Laws from the University of Southern Philippines Foundation. While finishing law school, he worked for print and online newspapers, occupying various positions in progression from correspondent, staff reporter, copy editor, copywriter, junior editor, group editor, to managing editor. Prior to joining the Company, he was the Corporate Legal Counsel of InfoWeapons Corporation, an American-owned software company specializing in networking appliances, and later promoted as General Manager. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Marie Rose C. Yulo, 55, Filipino, is the Company’s First Vice-President for Sales. Prior to this, she was the Assistant Vice-President for both Sales and Marketing from March 2011 until August 2016 when the Company spun off its marketing unit as a separate department to provide focused attention to the equally challenging marketing and branding initiative of the Company. She also has significant experience in the areas of travel and tours, and banking. She completed her Bachelor of Science degree in Business Administration at the University of San Carlos and earned MBA units from the University of the Visayas. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Engr. Pedrito A. Capistrano Jr., 60, Filipino, is the First Vice-President for Engineering of the Company. He is a licensed engineer in the field of Civil Engineering and Geodetic Engineering. He has been working with the Company since August 2011 when he was hired as Project Manager. His more than 34 years of experience has established his solid foundation and credibility in the construction and allied fields. Some of the established companies he had worked for were Filinvest Land Inc., Robinsons Land Corporation, Cebu Industrial Park Developers, Inc., AboitizLand, Inc. and Aboitiz Construction Group, Inc. He finished his Bachelor of Science degree in Civil Engineering at Cebu Institute of Technology University in Cebu City and earned his Master of Science in Management Engineering from the University of the Visayas also in Cebu City. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Sylvan John M. Monzon, 48, Filipino, is the First Vice-President for Business Development. Prior to joining CLI, he held various positions in the real estate industry for more than 20 years such as Project Development Assistant Supervisor of Cebu Holdings, Inc., Assistant Chief Operating Officer of Ortigas and Company Limited Partnership, and as Head of Business Development of Ortigas and Company Holdings Inc. He graduated with a Bachelor of Science degree in Business Management from the University of Asia and the Pacific in Pasig City, Philippines. He also earned a Certificate in Business Economics from the same university. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Mark Leo M. Chang, 45, Filipino, is the Company’s Vice-President for External Affairs. He graduated with a degree in Bachelor of Laws (Juris Doctor) from the University of San Carlos (USC) School of Law, Cebu City in 2009 and Bachelor in Business Management from UP – Cebu in 1999. In 1998, he was awarded as one of The Outstanding Student Leaders of UP Cebu by the Junior Jaycees of UP Cebu Chapter. He previously worked as Senior Manager for External Affairs of Cebu Holdings, Inc., a subsidiary of Ayala Land, Inc. from February 2015 to July 2017 (including as Consultant) and as Senior Manager for Permits with Countryside Water Services under Filinvest Development Corporation from August 2017 to June 2018. He held the position of Presidential Staff Officer V functioning as Executive Assistant and Political Officer under the Office of the Presidential Political Adviser Sec. Ronaldo M. Llamas of the Office of the President from April 2011 to December 2014. He also worked as an Intern (Researcher) at Sycip Salazar Hernandez Gatmaitan Law Office - Cebu Branch from September 2005 to March 2007. He used to be the National President of the Association of Law Students of the Philippines, a federation of law student councils in the country, for Academic Year (AY) 2008-2009 and President of USC Lex Circle (Law Student Council) for 2 terms in AY 2006-2008. He is one of the founders of Roco for President Youth Movement and Aksyon Kabataan, a youth arm of Aksyon Demokratiko, the political party of the late Sen. Raul S. Roco in 1998. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. Alan C. Fontanosa, 61, Filipino, is the Corporate Secretary of CLI. He is a partner at the law firm, SyCip Salazar Hernandez & Gatmaitan (“SyCip”). He is also the partner in charge of SyCip’s Cebu Office. He obtained his undergraduate and law degree from the University of San Carlos and was admitted to the Philippine Bar in 1988. He has extensive legal practice of over 33 years, including the areas of industrial relations and labor litigation, civil and land cases, corporate services and housekeeping, special projects, real estate transactions, sale/disposition of assets, and conducting/supervising due diligence investigation. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Atty. John Edmar G. Garde, 35, Filipino, is the Compliance Officer of CLI. Prior to joining CLI as Legal Counsel & Compliance Senior Manager, he served as Manager/Director in the Business Tax Services of SGV & Co. (Ernst & Young - Philippines) where he assisted domestic and multinational clients from various industries, including real estate, hospitality, business process outsourcing, manufacturing, semiconductor, export, and entities registered with Investment Promotion Agencies such as PEZA and BOI. His areas and fields of practice include taxation (tax advisory services; tax advocacy services; taxation law), investment promotions and incentives law, corporate law and services, and legal and corporate compliance. He graduated *cum laude* from the University of San Carlos with a degree in Bachelor of Science in Management Accounting. He also received his law degree from the same university. He is a Certified Compliance Officer, having garnered the highest rating and certificate of excellence during the 2021 Certification Course for Compliance Officers of the Center for Global Best Practices. He is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Clarissa Mae A. Cabalda, 34, Filipino, has been the Investor Relations Officer of CLI since April 2017. She is a Certified Public Accountant and a holder of Master of Arts in Economics. She obtained her undergraduate and Master’s degree from the University of San Carlos. Prior to joining CLI, she previously worked at AboitizLand for 3 years in Corporate Finance. She has also extensive working experience in finance from reputable companies such as SM Prime Holdings, Inc. and KFC Philippines. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Marilou P. Plando, 48, Filipino, is the Assistant Vice-President for Risk Management and Chief Risk Officer of CLI since 2021. Prior to joining CLI, she worked at Aboitiz Equity Ventures, Inc. as its Assistant Vice President - Legal Business Administrator from 2011 to 2016 then as its Assistant Vice President - Enterprise Risk Manager from 2016 to 2018. She also held the position of Regional Operations Director with the Julie’s Bakeshop Group from 2018 to 2021. She obtained her Bachelor of Science in Industrial Engineering from the University of San Jose Recoletos in 1997, and her Master’s in Business Administration from the Philippine Christian University in 2020. She is not related within the fourth civil degree either by consanguinity or affinity to any of the directors or fellow executive officers in the Company.

Suzette Go, 53, is the Data Protection Officer of CLI. Before joining CLI in November 2021, Ms. Go had experience as an Information Systems Manager, a Compliance Officer for Privacy, and an ISO Management Representative for the publicly listed company Cebu Holdings, Inc., which was a subsidiary of Ayala Land, Inc. At the beginning of her career, she was a Programmer for SM Multistores Corporation, the SM company handling the Department Stores business, and was a Junior Programmer for Philippine Nitto Systems, a Japanese software development company.

(iv) **Material Legal Proceedings**

To the best of the Company’s knowledge, none of the foregoing directors and key executives is involved in legal proceedings that are material in evaluating their ability or integrity to hold their respective offices or positions.

More specifically, none of the current directors, executive officers, and nominees of the Company has been a general partner or executive officer of a company subject of a bankruptcy petition nor held such position during the bankruptcy proceedings or within two years prior to that time. Neither do any of them has been convicted by final judgment in any criminal proceeding or currently facing one, both domestic or foreign; nor the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities. Finally, none of the Company’s directors and executive officers has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

The Company and its subsidiaries are likewise not a party to, nor any of the Company’s properties are the subject of any pending material litigation, arbitration or other legal proceeding, and no litigation or claim of material importance is known to the management and the directors to be threatened against the Company, its subsidiaries or any of its properties.

(v) **Resignation of Directors**

None of the current set of directors has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders.

(vi) **Significant Employees**

There is no Non-Executive Officer(s) within the Company that is/are expected to make significant contributions to the business.

(vii) **Family Relationships**

The executive officers and members of the Board of Directors of the Company are not related by consanguinity or by affinity among each other, except: Jose R. Soberano III (husband of Ma. Rosario B. Soberano), Ma. Rosario B. Soberano (wife of Jose R. Soberano III), Jose Franco B. Soberano, Janella Mae S. Wu, and Joanna Marie S. Bergundthal (children of Spouses Jose R. Soberano III and Ma. Rosario B. Soberano).

(viii) **Related-Party Transactions**

The Company and its subsidiaries (the "Group"), in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses, purchase and sale of real estate properties, construction contracts, and development, management, underwriting, marketing, leasing and administrative service agreements. Sales and purchases of goods and services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

Please see below RPT transactions of the Company as of March 31, 2024:

Name of Related Party	Nature of Relationship	Net Receivable (Payable) Balance as of 31 March 2024	Other relevant terms (e.g., nature of RPT; repayment terms)
BL CBP Ventures, Inc.	Subsidiary;JV	44,090,634	These primarily pertain to CLI's shareholder advances to the JV entities which serve as temporary working capital support. As agreed between the parties, the repayment terms are contingent on the liquidation of the JV entities' receivables, increase in take-outs, and positive cash flow.
El Camino Developers, Inc.	Subsidiary;JV	63,667,328	
Yuson Excellence, Soberano	Subsidiary;JV	8,791,158	
CCLI Premier Hotels, Inc.	Subsidiary;JV	55,443,997	
Cebu Homegrown Developers, Inc.	Subsidiary;JV	6,744,437	These pertain to compensation for services rendered by CLI as the Project Manager of these JV entities. Payment schedule of the outstanding balances are based on agreed payment terms pursuant to their respective Management Services Agreement (MSA).
Cebu BL Ramos Ventures, Inc.	Subsidiary;JV	3,021,247	
GGTT Realty Corporation	Subsidiary;JV	27,030,592	These pertain to compensation for services rendered by CLI as the Project Manager of these JV entities. Payment schedule of the outstanding balances
Cebu Landmasters Property Management, Inc.	Subsidiary	32,071,229	
CLI Premier Hotels Intl, Inc.	Subsidiary	26,235,840	

YHEST Realty and Development Corporation	Subsidiary;JV	9,020,597	are based on agreed payment terms pursuant to their respective Management Services Agreement (MSA).
Sugbo Prime Estate, OPC.	Subsidiary;JV	4,134,818	These pertain to compensation for services rendered by CLI as the Project Manager of these JV entities. Payment schedule of the outstanding balances are based on agreed payment terms pursuant to their respective Management Services Agreement (MSA).
Yuson Huang Excellence Soberano, Inc.	Subsidiary;JV	1,887,989	
Mivesa Garden Residences, Inc.	Subsidiary;JV	657,881	These pertain to compensation for services rendered by CLI as the Project Manager of these JV entities. Payment schedules of the outstanding balances are based on agreed payment terms in MSA.
CLI Hotels and Resorts Inc.	Subsidiary;JV	277,810	
AS Fortuna Property Ventures, Inc.	Subsidiary	(59,610,753)	These pertain to construction cost charges and accommodated expenses.
CLI-LITE Panglao, Inc.	Subsidiary;JV	115,469	These pertain to accommodated expenses shouldered by CLI.
TOTAL		223,580,273	

CLI's RPTs also include advances to other related parties, real estate sales to its parent company, real estate sales to key management personnel, key management personnel compensation, and CLI's retirement fund.

Advances to other related parties pertain to cash advances to other subsidiaries, associates, and entities under common ownership. Balance as of March 31, 2024 amounts to ₱30,543,558 and is presented as due from related parties in the interim financial statements for the period ending March 31, 2024.

Real estate sales to the parent company include CLI's sales of condominium units to AB Soberano Holdings Corp. Balance as of March 31, 2024 amounts to ₱685,584 and is presented as part of Contract Receivables under the Receivables account in the interim financial statements for the period ending March 31, 2024.

Key management personnel compensation pertains to short term benefits and post-employment benefits totaling ₱40,470,794 for the period ending March 31, 2024.

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets consists of the contributions to the plan and interest earned. The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

These transactions are governed and monitored under a board-approved related party transaction policy ("RPT Policy") that enforces proper disclosure, approval protocols, and tests of arm's length standards. CLI employees are also required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Pursuant to CLI's RPT Policy, related parties include: (a) a person or close member of that person's family who has control or joint control of the Company; or is a key management personnel of the Company, its parent, subsidiaries or affiliates; (b) a substantial shareholder, who is any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security; (c) an entity is a related party if it and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others); the entity is an associate or JV of CLI or vice-versa, or an associate or JV of a member of a group of which the other entity is a member; the entity is a post-employment benefit plan; the entity has a management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The Office of the CFO, together with the Compliance Officer, undertakes regular identification, review, and evaluation of the Company's related parties and RPTs, which are submitted to the Board RPT Committee either for information or approval, depending on whether the RPT breaches the RPT threshold set by the Company or is otherwise a Material RPT.

In keeping with CLI's RPT Policy and Transfer Pricing Policy, the Company declares that all its related party transactions (RPTs) in 2023 were conducted in a fair and at arm's length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances.

Pursuant to CLI's RPT Policy, related party transactions involving an amount of at least Php 50,000,000.00 or its equivalent are submitted to the RPT Committee for review and pre-approval. CLI's RPT Committee is tasked to review and ensure that these RPTs are conducted at arms' length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances, and in all cases comply with the provisions under its Transfer Pricing Policy. RPTs approved by the RPT Committee were then endorsed to the CLI Board for subsequent approval and/or ratification.

The amounts of the RPTs and the discussions of the business purposes of the arrangement, identification of the related parties transaction business with CLI and the nature of their relationship, how transaction prices were determined by the parties, and any ongoing contractual or other commitments as a result of the arrangement, are also disclosed and discussed accordingly in CLI's FY2023 Audited Financial Statements and Interim Financial Statements as of March 31, 2024.

Item 6. Compensation of Directors and Executive Officers

The table below lists the Company's President and CEO and the four most highly compensated senior officers:

<u>Name</u>	<u>Position</u>
Jose R. Soberano III	President and CEO
Ma. Rosario B. Soberano	Treasurer and Executive Vice-President
Jose Franco B. Soberano	COO and Senior Executive Vice-President
Beauregard Grant L. Cheng	CFO and Executive Vice-President
Joanna Marie S. Bergundthal	Senior Vice-President for Marketing and Asst. Treasurer

The table below summarizes the aggregate compensation of the Company's President and CEO and the four most highly compensated executive officers, and all other officers and directors as a group, for the years ended December 31, 2020, 2021, 2022, 2023, and the estimated amount for 2024.

	Year	Basic Compensation (in ₱)	Other Compensation (in ₱)
President and CEO and the four most highly compensated executive officers named above.....			
	(est.) 2024	58,593,353.00	17,706,265.00
	2023	53,483,939.64	20,715,507.99
	2022	51,846,963.70	16,170,904.95
	2021	40,973,625.00	19,965,000.00

	2020	37,248,750.00	18,150,000.00
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Each of the executive officers named above executed an employment contract with the Company and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's retirement plan.

No bonuses have been declared for the Board of Directors for the last three years. For the ensuing year, the amount of bonuses to be received by the members of the Board of Directors has yet to be approved by it.

Meanwhile, the table below shows the aggregate compensation of all officers and directors as a group, excluding those of the President and the four most highly compensated executive officers:

	Year	Basic Compensation (in ₱)	Other Compensation (in ₱)
All officers and directors as a group excluding the President and four (4) most highly compensated executive officers			
	(est.) 2024	61,949,940.00	18,906,618.00
	2023	68,942,167.35	19,157,807.00
	2022	34,302,575.60	9,468,382.98
	2021	25,071,232.18	9,642,781.61
	2020	22,792,029.26	8,766,165.10

There is no plan or arrangement by which the above officers will receive from the Company any form of compensation in case of a change in control of the Company or change in the officers' responsibilities following such change in control.

There are no outstanding warrants or options held by the Company's chief executive officer, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

(a) The principal accountant and external auditor of the Company is Punongbayan & Araullo. During its meeting on 10 April 2024 the Company's Audit Committee recommended that Punongbayan & Araullo shall remain the external auditor for fiscal year 2024, subject to its formal appointment at the Regular Stockholders Meeting on 04 June 2024.

For the 2023-2024 term, the Audit Committee is composed of four (4) qualified non-executive directors, three (3) of whom, including the Chairperson, are independent directors. All the members of the Audit Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. The Chairperson of the Audit Committee, Director Ma. Aurora D. Geotina-Garcia, is not the Chairman / Chairperson of the CLI Board or of any other committee.

CLI's non-executive directors, including its independent directors, are paid per diem allowances for board and committee meetings attended. For a CLI Board meeting, the non-executive director / independent director is paid a per diem allowance of Php 40,000.00. For a committee meeting attended, the non-executive director / independent director is paid a per diem allowance of Php 30,000.00 (regular) or Php 15,000.00 (special). The other members of the Board who are executives and receiving salaries as such do not get additional per diem or compensation for their attendance in Board and/or committee meetings.

(b) The principal accountant and external auditor of the Company is Punongbayan & Araullo (P&A). Pursuant to CLI's Manual on Corporate Governance, and in compliance with law and pertinent regulations, the external auditor or the signing partner of the external auditing firm assigned to CLI is rotated or changed at least every five (5) years.

In compliance thereto, and commencing with the current audit of its FY2023 financial statements, the external auditor, Punongbayan & Araullo (P&A), assigned a new engagement and signing partner in the person of Mr. Renan A. Piamonte (CPA Reg. No. 0107805; Partner - No. 107805-SEC, until financial period

2023; Firm - No. 0002, until financial period 2024). Prior thereto, and for CLI's FY2021 and FY2022 financial statements, P&A's engagement and signing partner was Ms. Mailene Sigue-Bisnar. Before her, the P&A engagement and signing partner assigned to CLI was Mr. Christopher M. Ferarezza, who handled CLI's FY2020, FY2019, and FY2018 financial statements.

Pursuant thereto, CLI is compliant with the requirement of rotation of External Auditor.

(c) A representative of Punongbayan & Araullo is expected to be present at the regular stockholders meeting to respond to appropriate questions or make a statement if he/she desires to do so.

(d) Punongbayan & Araullo has been the principal accountant and external auditor of the Company and its subsidiaries during the three most recent fiscal years. The Company has had no material disagreements with it on any matter pertaining to accounting and financial disclosures.

The table below shows the fees paid by the Company for the services of Punongbayan & Araullo:

	2020	2021	2022	2023
Audit and Audit Related Fees	₱2,327,437.55	₱2,464,000.00	₱3,310,657.61	₱5,712,000.00
Non-audit fees	₱19,975.00	₱69,000.00	None	None
TOTAL	₱2,347,412.55	₱2,533,000.00	₱3,310,657.61	₱5,712,000.00

Item 8. Compensation Plans

There are no matters or actions to be taken up in the Regular Stockholders' Meeting on 04 June 2024 pertaining to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken in the Regular Stockholders Meeting on 04 June 2024 pertaining to authorization or issuance of securities other than for Exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the Regular Stockholders Meeting on 04 June 2024 pertaining to modification or exchange of securities.

Item 11. Financial and Other Information

(a) Required Information

(1) Financial Statements

Copies of the FY2023 Audited Consolidated Financial Statements of CLI and Subsidiaries, prepared in accordance with SRC Rule 68, as amended, as well as the SEC Form 17-A (Annual Report) of the Company may be downloaded from CLI's website or mailed to any security holder upon written request made to CLI Investors Relations Officer, Ms. Clarissa Mae A. Cabalda, who may be reached by e-mail at clarissa@cebulandmasters.com or at her office address, i.e., Upper Penthouse, Park Centrale Tower, J.M. del Mar St., Cebu I.T. Park, Apas, Cebu City 6000.

(2) Seasonal Aspect that has Material Effects on the Financial Statements

As of the reporting period, there is no seasonal aspect that may have material effects on the Financial Statements of the Company.

(3) Management's Discussion and Analysis and Plan of Operation

Please refer to Annex "F" for the complete management's discussion, analysis, and plan of operation of the Company.

(4) CLI's General Nature and Scope of Business

CLI was incorporated in the Philippines and registered with the Securities and Exchange Commission on September 26, 2003. The Company is presently engaged in real estate development, sale, and leasing. Its major projects include Asia Premier Residences, Midori Plains, Midori Residences, Park Centrale, Velmiro Heights, Base Line Center, Casa Mira Towers in Labangon, Guadalupe and Mandaue, Casa Mira Linao and Casa Mira South subdivisions, San Josemaria Villages, Mivesa Garden Residences, Mivela Garden Residences, Citadines Cebu City, Latitude Corporate Center, Astra Centre, and 38 Park Avenue, which are all located in Cebu. CLI also has projects in Bacolod, Bohol, Davao, Dumaguete, Cagayan de Oro, and Iloilo. Through joint ventures, the Company also owns several hotels, office condominiums in various cities, and a 23-hectare central business district in Davao City.

(5) Identity of Directors, Executive Officers, Business and Occupation

Please refer to the disclosure in Item 5 above.

(6) Market Price and Dividends

Market Information

CLI listed its common shares with the Philippine Stock Exchange on June 2, 2017.

Philippine Stock Exchange
Prices (in PHP/ share)

	<u>High</u>	<u>Low</u>	<u>Close</u>
2017			
Second Quarter (month of June only)	5.98	5.13	5.34
Third Quarter	5.51	4.58	5.07
Fourth Quarter	5.17	4.59	4.88
2018			
First Quarter	5.12	4.21	4.70
Second Quarter	5.06	4.48	4.58
Third Quarter	4.73	4.27	4.42
Fourth Quarter	4.59	3.60	4.14
2019			
First Quarter	4.29	4.19	4.20
Second Quarter	4.89	4.80	4.83
Third Quarter	4.75	4.70	4.74
Fourth Quarter	4.83	4.67	4.83
2020			
First Quarter	3.80	3.70	3.72
Second Quarter	5.10	4.35	4.69
Third Quarter	4.92	4.83	4.90
Fourth Quarter	5.05	4.99	5.05
2021 *price after stock dividends resulting in a price split			
First Quarter	2.65	2.60	2.64
Second Quarter	3.85	3.72	3.77

Third Quarter	3.00	2.89	2.95
Fourth Quarter	3.00	2.73	3.00
2022			
First Quarter	3.02	2.71	2.97
Second Quarter	3.06	2.48	2.50
Third Quarter	2.60	2.19	2.34
Fourth Quarter	2.80	2.20	2.80
2023			
First Quarter	2.68	2.60	2.63
Second Quarter	2.60	2.56	2.59
Third Quarter	2.66	2.64	2.65
Fourth Quarter	2.53	2.47	2.47
2024			
First Quarter	2.80	2.74	2.80

The market capitalization of CLI, based on the closing price of ₱2.69 per share as of April 23, 2024 (record date) is approximately ₱9,321,391,946.23. As of April 23, 2024, the number of persons holding CLI common shares is twenty-one (21).

Dividends Declared

CLI has declared the following cash and stock dividends.

Cash Dividends

On 18 March 2023, the Board of Directors declared a *regular* cash dividend of ₱0.15 per share and a *special* cash dividend of ₱0.03 per share for stockholders of record as of 30 April 2024 to be paid on 3 May 2024.

Year of Dividend Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	Amount Paid (in ₱)
2014	12.50	November 3, 2014	48,000,000
2015	7.19	February 28, 2015	42,000,000
2015	10.27	June 15, 2015	60,000,000
2015	8.56	October 15, 2015	50,000,000
2015	5.66	December 15, 2015	50,000,000
2016	2.26	March 31, 2016	20,000,000
2016	5.99	August 31, 2016	52,943,457
2016	4.32	September 15, 2016	38,150,000
2016	1.70	September 30, 2016	15,000,000
2016	0.74	November 21, 2016	650,000,000
2016	0.05	December 1, 2016	40,000,000
2016	0.03	December 1, 2016	40,000,000
2018	0.15	March 23, 2018	235,186,980
2019	0.20	March 26, 2019	332,590,000
2020	0.25	April 3, 2020	414,795,000
2021	0.25	April 16, 2021	388,749,900
2022	0.112 (Regular) 0.038 (Special)	April 22, 2022	519,780,220

Year of Dividend Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	Amount Paid (in ₱)
2023	0.15 (Regular) 0.03 (Special)	April 18, 2023	623,736,264
2024	0.15 (Regular) 0.03 (Special)	April 17, 2024	623,736,264

Stock Dividends

Year of Dividend Declaration	Rate of Dividend Declared per Share (in ₱)	Record Date	No. of Shares
2014	0.5208	November 30, 2014	2,000,000
2015	0.3394	December 15, 2015	3,000,000
2021	1.23	June 18, 2021	1,909,451,997

Holders

(i) Approximate number of holders of each class of common shares as of Record Date (23 April 2024):

Common Shares - Outstanding	3,465,201,467
Total number of stockholders (Common Shares)	21
No. of shares per board lot (Common Shares)	1,000
Total number of stockholders owning at least 1 board lot (Common Shares)	17
Common Shares - Treasury	158,250,530

(ii), (iii), and (iv) Details as to the Top 20 CLI shareholders, number of shares held, and percentage of total issued and outstanding shares as of Record Date (23 April 2024):

CLI Stockholder	No. of Shares Held	Percentage of Total Issued and Outstanding Shares
AB SOBERANO HOLDINGS CORP.	2,198,385,729	60.67%
PCD NOMINEE CORP. (FILIPINO)	1,242,864,983	34.30%
AB SOBERANO HOLDINGS CORPORATION	63,675,306	1.76%
PCD NOMINEE CORP. (NON-FILIPINO)	42,752,352	1.18%
JOSE R. SOBERANO III	31,220,000	0.86%
AB SOBERANO HOLDINGS CORP.	21,345,560	0.59%
JOSE FRANCO B. SOBERANO	7,247,500	0.20%
A B SOBERANO HOLDINGS CORP.	5,463,500	0.15%
JANELLA MAE SOBERANO-WU	5,017,500	0.14%
JOANNA MARIE S. BERGUNDTHAL	5,017,500	0.14%
MA. NONA A. VELEZ	300,000	0.01%
MYRNA P. VILLANUEVA	39,300	0.00%
MYRA P. VILLANUEVA	33,450	0.00%
MARIETTA V. CABREZA	22,300	0.00%

MARIA LOURDES M. ONOZAWA	22,300	0.00%
LOLITA SIAO-IGNACIO	22,300	0.00%
MILAGROS P. VILLANUEVA	22,300	0.00%
OWEN NATHANIEL S AU ITF: LI MARCUS AU	111	0.00%
JESUS N. ALCORDO	2	0.00%
MA. AURORA D. GEOTINA-GARCIA	2	0.00%

(7) Sale of Unregistered or Exempt securities

There are no unregistered or exempt securities as well as securities constituting an exempt transaction issued by the Company during the year 2023.

(8) Compliance with Leading Practices on Corporate Governance

The Company is committed to doing business in accordance with the highest professional standards, business conduct and ethics and all applicable laws, rules, and regulations in the Philippines. The Company, its directors, officers, and employees are dedicated to promote and adhere to the principles of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency.

Independent Directors

Philippine regulations require the Company to have at least three (3) independent directors in its Board of Directors, or such number as to constitute at least one-third of the members of the Board, whichever is higher. The Company's Board of Directors is composed of nine members, five (5) of whom are regular directors, three (3) are independent directors, and one (1) non-executive director. The Company's independent directors are Atty. Ma. Jasmine S. Oporto, Rufino Luis T. Manotok, and Ma. Aurora D. Geotina-Garcia.

Under the SEC Revised Code of Corporate Governance, independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. The By-Laws of the Company do not provide for such quorum requirement. However, pursuant to the Company's Manual of Corporate Governance to promote transparency, the Board requires the presence of at least one independent director in all its meetings.

Compliance Officer

During its organizational meeting held on 01 June 2023, the Board re-elected Atty. John Edmar G. Garde as CLI's Compliance Officer who shall be in charge of the compliance function. In keeping with SEC Memorandum Circular No. 19, series of 2016 and pertinent issuances, the CLI Compliance Officer is not a member of the Board and is different from the Corporate Secretary. He is primarily liable to the Company and its shareholders, and not to its Chairman or President, and shall have the following duties and responsibilities:

- a. Ensure proper onboarding of new directors (i.e., orientation on the Company's business, charter, Articles of Incorporation and By-laws, among others);
- b. Monitor, review, evaluate and ensure the compliance by the Company, its officers and directors with the relevant laws, the SEC Code of Corporate Governance, rules and regulations, and all governance issuances of regulatory agencies;
- c. Report the matter to the Board if violations are found and recommend the imposition of appropriate disciplinary action;
- d. Ensure the integrity and accuracy of all documentary submissions to regulators;
- e. Appear before the SEC when summoned in relation to compliance with the SEC Code of Corporate Governance;
- f. Collaborate with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identify possible areas of compliance issues and work towards the resolution of the same;

- h. Ensure the attendance of board members and key officers to relevant trainings; and
- i. Perform such other duties and responsibilities as may be provided by the SEC.

Chief Audit Officer

The Chief Audit Officer, who will be appointed by the Board, directly reports functionally to the Audit Committee and administratively to the Chief Executive Officer. She oversees and is responsible for the internal audit activity of the Company, including that portion that is outsourced to a third-party service provider.

Resolving Stockholders' Disputes

It is the policy of CLI to resolve disputes or differences with stockholders, if and when such disputes or differences arise, through mutual consultation or negotiation, mediation, or arbitration.

Stockholders who have matters for discussion or concerns directly resulting in the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

Committees of the Board

The CLI Board has fully engaged and functioning board committees which support the effective performance of the Board's functions. CLI's principal board committees include the Audit Committee, Corporate Governance Committee, Related Party Transaction Committee, Risk Oversight Committee, Nomination Committee, and the Compensation and Benefits Committee. All established CLI Committees have their respective committee charters, which state in plain terms their respective purposes, memberships, structures, operations, reporting process, resources, and other relevant information.

A. Audit Committee

The Audit Committee is composed of at least three (3) board members, preferably with accounting and finance background, one of whom shall be an independent director and another should have related audit experience. The Chairman of this Committee is an independent director. She should be responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit Committee performs the following functions:

- a. Assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, internal and external audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b. Recommends the approval the Internal Audit Charter ("IA Charter"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- c. Through the Internal Audit ("IA") Department, monitors and evaluates the adequacy and effectiveness of the Company's internal control system, integrity of financial reporting, and security of physical and information assets;
- d. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Officer. The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- e. Establishes and identifies the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- f. Reviews and monitors management's responsiveness to the internal auditor's findings and recommendations;
- g. Prior to the commencement of the audit, discusses with the external auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- h. Evaluates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence;

- i. Reviews and approves the interim and annual financial statements before their submission to the Board;
- j. Reviews the disposition of the recommendations in the external auditor's management letter;
- k. Performs oversight functions over the Company's internal and external auditors and ensure the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions, taking into consideration relevant Philippine professional and regulatory requirements;
- l. Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- m. Recommends to the Board the appointment, reappointment, removal and fees of the external auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;
- n. Evaluates on an ongoing basis existing relation between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties (from non-related to related and vice versa);

B. Risk Oversight Committee

This Committee is established to provide a venue for discussion of risk oversight issues for the purpose of fulfilling its corporate governance responsibilities through better integration and collaboration of risk oversight and audit management functions. The Committee shall have at least three (3) Directors, one (1) of whom shall be an independent director. The members of the Committee shall be elected annually by majority vote of the Board and shall hold office for a period of one (1) year from such election until their successors are duly elected or sooner removed as members of the Committee.

The Committee is authorized to deal with any activity within its charter, including the authority to secure the attendance of outsider experts with relevant experience and expertise as it deems necessary in the performance of its duties. Furthermore, the Committee shall represent the Board in discharging its responsibility relating to risk oversight matters. The Committee does not have decision-making authority, except in the circumstances described herein or to the extent that such authority is expressly delegated by the Board. Its functions include the following:

- a. Review and consider, at least once a year, the Corporation's risk management policy, with consideration of the strategic, operational, financial, legal and compliance, emerging, and project risks as well as any other form of risk as approved by the Board;
- b. Provide a forum to review exposures and strategies to mitigate risks with relevant senior officers and managers and make recommendations to the Board related to changes to the policy based on this review;
- c. Undertake a periodic review of the delegated authorization and control levels. Following consultation with the CEO, COO and CFO, make recommendations to the Board related to any changes in these levels seen to be appropriate based on this review;
- d. Review the Corporation's senior officers' and managers' proposed risk appetite and risk tolerance at least annually and if advisable, recommend it for Board approval;
- e. At least annually, review policies and procedures in consultation with individual business leaders and risk managers and recommend changes as appropriate;
- f. Monitor and review the Corporation's senior managers and officers' reports on the following:
 - 1. the Corporation's risk profile and identifying material risks associated with the Corporation's business and operations;
 - 2. emerging risk issues and trends;
 - 3. compliance with the risk appetite and risk tolerance limits and established policies and procedures; and
 - 4. overall adherence to the Corporation's defined risk appetite.
- g. Recommend to the Board external advisers when desired expertise for the specific need is not available internally; and

h. Ensure the proper implementation of the risk oversight and management framework across the Corporation by identifying, evaluating and monitoring relevant issues to mitigate risk.

C. Related-Party Transactions Committee

The Related-Party Transactions Committee is constituted to promote transparency, fairness, and ensure that transactions of the Corporation are conducted at arm's-length basis and on terms not more favorable than those made to unrelated third parties under similar circumstances. For this purpose, the Committee shall review all transactions involving parties related to the Corporation if the same shall fall within the specific criteria set in writing and approved by the Board.

The Committee shall have three (3) members, one (1) of whom shall be an independent director. They shall hold office for a period of one (1) year from election until their successors are duly elected or sooner if removed as members of the Committee and/or the Board. A member of the Committee may be removed by a majority vote of the directors. Any vacancy in the Committee shall be filled by majority vote of the Board. The Committee may form and delegate authority to subcommittees as may be appropriate in accordance with relevant laws and regulations.

The Committee shall have the following functions:

- a. Recommend to the Board specific criteria under which related-party transactions ("RPTs") may be subject to review by the Committee prior to its approval by the Board;
- b. Propose to the Board policies related to conflicts of interest and recommend a system to identify, monitor, report, and conduct periodic review of RPTs;
- c. Evaluate all existing relations between and among businesses and counterparties of the Corporation to ensure all related parties are continuously identified, transactions are monitored, and subsequent changes in relationships (from non-related to related and vice versa) are captured;
- d. Evaluate all RPTs subject of review by the Committee to ensure no business resources of the Corporation are misappropriated or misapplied, and determine any potential reputational risks that may arise from such transactions. In evaluating RPTs, the Committee shall consider, among others, the following:
 1. The related party's relationship to the Corporation, its interest in the transaction and the benefits to the Corporation;
 2. The material facts of the RPT such as the aggregate value of the transaction; and
 3. The availability of other sources of comparable products, services, or terms and conditions from unrelated party/parties under similar circumstances;
- e. Ensure that appropriate disclosures are promptly made and/or information provided to regulators;
- f. Report to the Board on a regular basis status of RPTs subject of its review, the aggregate exposures to each related party as well as the total amount of exposures to all related parties.

D. Corporate Governance Committee

The Committee assists the Board in performing corporate governance responsibilities and ensures compliance with and proper observance of corporate governance principles and practices. The Committee shall have three (3) directors, at least two (2) of whom shall be independent directors. The members of the Committee shall be elected annually by majority vote of the Board and shall hold office for a period of one (1) year from such election until their successors are duly elected or sooner if removed as members of the Committee and/or the Board. A member of the Committee may be removed by a majority vote of the directors. Any vacancy in the Committee shall be filled by majority vote of the Board. The Committee may form and delegate authority to subcommittees as may be appropriate in accordance with relevant laws and regulations.

The Committee shall have the following functions:

- a. Oversee the implementation of the corporate governance framework and periodically review the said framework to ensure that it remains relevant in light of material changes to the Corporation's size, complexity and business strategy, as well as its compliance with regulatory requirements of relevant government agencies such as but not limited to the Securities and Exchange Commission, Philippine Stock Exchange, Housing and Land Use Regulatory Board, Department of Environment and Natural Resources, and local government units;
- b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct annual self-evaluation of its performance;

- c. Ensure that the results of the Board evaluation are shared, discussed and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Determine the nomination and election process for the Corporation's directors and establish and maintain a process to ensure that all candidates/nominees at the Annual Stockholders Meeting are qualified in accordance with the By-laws, Manual of Corporate Governance and relevant laws, rules and regulations, assessing whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibility to the Board and in light of the Corporation's business and risk profile; (2) maintain integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between Board members;
- e. Recommend continuing education/training programs for directors, assignment of tasks/projects to Board committees, succession plan for the Board members and senior officers, and remuneration packages for corporate and individual performance;
- f. Review and evaluate the qualifications of all individuals to be appointed to such positions within the Corporation that require Board approval;
- g. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and providing oversight over remuneration of senior management and other key personnel, ensuring that the policy is consistent with the Corporation's culture, strategy, and the business environment in which it operates;
- h. Review the Corporation's human resources development or personnel handbook to strengthen provisions on conflict of interest and directives on promotion and career advancement;
- i. Other functions as may be delegated by the Board.

E. Nomination Committee

The Nomination Committee of the Board shall have at least three (3) members, one (1) of whom shall be an independent director. The Nomination Committee passes upon the qualifications of the nominees and ascertains that they do not possess any of the disqualifications.

The Nomination Committee reviews and evaluates the qualifications of all individuals nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members.

Only a stockholder of record entitled to notice and to vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated and elected as a director of the Company.

F. Compensation and Benefits Committee

The Compensation and Benefits Committee shall be composed of at least three (3) members, one (1) of whom must be an independent or non-executive director. It shall have the following duties and responsibilities:

- a. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and the business environment in which it operates;
- b. Design the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; and
- c. Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met.

(9) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Punongbayan & Araullo has been the principal accountant and external auditor of the Company and its subsidiaries during the four most recent fiscal years. The Company has had no material disagreements with it on any matter pertaining to accounting and financial disclosures.

(10) Attendance of Principal Accountant and External Auditor in Annual Stockholders Meeting

A representative of Punongbayan & Araullo is expected to be present during the 2024 Regular Stockholders' Meeting to respond to appropriate questions or make a statement if he/she desires to do so.

(11) Requirements under Section 49 of the Revised Corporation Code of the Philippines

a. In the previous regular meeting, voting was done by sending proxy forms and ballots electronically to the Corporate Secretary. The identity of the shareholder and his or her shareholdings were validated, and thereafter tabulated electronically using Google Sheet. The accounting firm of Sta. Ana Rivera & Co. was appointed by CLI to count the votes, tabulate, and validate the voting results during the Company's 2023 Regular Stockholders' Meeting. It was assisted in this function by CLI's Office of the Corporate Secretary.

b. Shareholders attending the virtual meeting were given the opportunity to ask questions after the presentation of the materials and the voting items.

None of the shareholders or their proxies present raised any other matters or asked questions after the presentation of the materials and the voting items.

c. In the previous regular meeting held on 1 June 2023, the stockholders discussed the amendment of the articles of incorporation for the creation of a new class of preferred shares through the reclassification of one (1) billion unissued common shares with a par value of One Philippine Peso (P1.00) per share to one (1) billion preferred shares with a par value of One Philippine Peso (P1.00) per share. The stockholders also ratified acts of the Board of Directors during its 2023-2024 term.

In the previous special meeting held on 14 February 2024, the stockholders approved the Company's public offering of up to 3 Million Series "A" Preferred Shares with an oversubscription option of up to Two Million Series "A" Preferred Shares at an offer price of P1,000. Furthermore, the stockholders confirmed the delegation to the Board of Directors the power and authority to determine the manner of issuance, sale, and distribution of the Series "A" Preferred Shares and the terms and conditions of the offer, and the adoption and approval of the other resolutions of the Board of Directors during its meeting held on 8 January 2024.

d. The voting results of the regular meeting are as follows:

Agenda Item	Yes	No	Abstain
Approval of Previous Minutes	2,655,426,019	0	0
Approval of CFO's Report	2,655,426,019	0	0
Approval of COO's Report	2,655,426,019	0	0
Approval of Chairman's Report	2,655,426,019	0	0
Approval of Audited Financial Statements as of 31 Dec 2022	2,655,426,019	0	0
Creation of new class of preferred shares through the reclassification of P1B unissued common shares with a P1.00 par	2,655,426,019	0	0

value per share to P1B preferred shares with P1.00 par value per share			
Ratification of all acts of the Board of Directors during its 2022-2023 term	2,655,426,019	0	0
Reappointment of Punongbayan & Araullo as external auditor for Fiscal Year 2023	2,655,426,019	0	0
Election of the Board of Directors for the 2023-2024 term			
Jose R. Soberano III	2,655,426,019	0	0
Ma. Rosario B. Soberano	2,655,426,019	0	0
Jose Franco B. Soberano	2,655,426,019	0	0
Joanna Marie S. Bergundthal	2,655,426,019	0	0
Stephen A. Tan	2,655,426,019	0	0
Beauregard Grant L. Cheng	2,655,426,019	0	0
Rufino Luis T. Manotok	2,655,426,019	0	0
Ma. Aurora D. Geotina-Garcia	2,655,426,019	0	0
Atty. Ma. Jasmine S. Oporto	2,655,426,019	0	0

The results of the special meeting are as follows:

Agenda Item	Yes	No	Abstain
Approval of the Public Offering of up to 3 Million Series "A" Preferred Shares with an Oversubscription of up to 2 Million	2,643,966,418	19,000	0
Delegation of the Power and Authority to the Board of	2,643,966,418	19,000	0

Directors to Determine the Manner of Issuance, Sale, and Distribution of the Series "A" Preferred Shares and the Terms and Conditions of the Offer			
Ratification of Resolutions Passed by the Board during its special meeting on January 8, 2024	2,643,966,418	19,000	0

e. The following stockholders were present during the previous regular meeting:

NAME	Direct / Indirect Shareholding
Aries L. Cañete	Indirect
Lloyd Levirenz Flores	Indirect
Ethan Ronoel Salazar	Indirect
Julius Sanvictores	Indirect
Brian Christopher Bacungan	Indirect
Ma. Aurora D. Geotina-Garcia	Direct
Rufino Luis T. Manotok	Direct
Atty. Ma. Jasmine S. Oporto	Indirect
Stephen A. Tan	Indirect
Jose R. Soberano III	Direct and Indirect
Ma. Rosario B. Soberano	Indirect
Jose Franco B. Soberano	Direct and Indirect
Joanna Marie S. Bergundthal	Direct and Indirect
Atty. Larri-Nil G. Veloso	Indirect
Clarissa Mae A. Cabalda	Indirect

The following stockholders were present during the special meeting:

NAME	Direct / Indirect Shareholding
Rogie Dela Cuesta - Fernandez	Indirect
Ma. Aurora D. Geotina-Garcia	Direct
Rufino Luis T. Manotok	Direct
Atty. Ma. Jasmine S. Oporto	Indirect
Stephen A. Tan	Indirect
Jose R. Soberano III	Direct and Indirect

NAME	Direct / Indirect Shareholding
Rogie Dela Cuesta - Fernandez	Indirect
Ma. Rosario B. Soberano	Indirect
Jose Franco B. Soberano	Direct and Indirect
Joanna Marie S. Bergundthal	Direct and Indirect
Atty. Larri-Nil G. Veloso	Indirect
Janella Mae S. Wu	Direct and Indirect
Clarissa Mae A. Cabalda	Indirect
Jose Gabriel B. Soberano	Indirect
Beauregard Grant L. Cheng	Direct and Indirect

Moreover, the following corporate officers who do not hold shares in the Company were present during the previous regular and special meetings:

NAME	Position
Atty. Alan C. Fontanosa	Corporate Secretary

A representative of Punongbayan & Araullo, CLI's external auditor, was also present and attended the 2023 Regular Stockholders' Meeting to respond to appropriate questions or make a statement if he/she desired to do so.

- f. In the previous meeting, no appraisals and performance report for the Board were presented.
- g. No director has made self-dealings or related party transactions with the Company for the last three fiscal years, i.e., 2021, 2022, and 2023, and in the interim period in 2024.
- h. Five (5) of the CLI Directors, namely Chairman Jose R. Soberano III, Dir. Ma. Rosario B. Soberano, Dir. Jose Franco B. Soberano, Dir. Beauregard Grant L. Cheng, and Dir. Joanna Marie S. Bergundthal are simultaneously the Top 5 Executives of the Company, whose compensation reports are disclosed under Item 6 above. The following non-executive directors have received their corresponding total compensation in 2023 pursuant to Item 7(a) above:

Non-Executive Directors	Total Compensation in 2023 (in ₱)
Rufino Luis T. Manotok	910,000.00
Ma. Aurora D. Geotina-Garcia	880,000.00
Atty. Ma. Jasmine S. Oporto	850,000.00
Stephen A. Tan	880,000.00

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up during the Regular Stockholders Meeting on 04 June 2024 pertaining to merger, consolidation, acquisition by sale, or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up during the Regular Stockholders Meeting on 04 June 2024 pertaining to acquisition or disposition of any property by the Company.

Item 14. Restatement of Accounts

There are no matters or actions to be taken up during the Regular Stockholders Meeting on 04 June 2024 pertaining to restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- a) Approval of the Audited Financial Statements as of December 31, 2023;
- b) Ratification of all acts of the Board of Directors during its 2023-2024 term;
- c) Review and Approval of the Minutes of the Annual Stockholders Meeting held on 01 June 2023;
- d) Review and Approval of the Minutes of the Special Stockholders Meeting held on 14 February 2024; and
- e) Approval of the Amendment of the AOI to increase the number of CLI directors..

Item 16. Matters Not Required to be Submitted

None.

Item 17. Amendment of Charter, Bylaws or Other Documents

An amendment of Article VI of CLI's Articles of Incorporation ("AOI") will be submitted for the approval of the Company's stockholders during the Regular Meeting on 04 June 2024.

The proposed amendment was approved by the CLI Board during its regular meeting held on 18 March 2024.

The purpose of the amendment of AOI is to increase the number of CLI directors from nine (9) to eleven (11), and at least one-third (1/3) of whom shall be independent.

The approved amendment to the Articles of Incorporation refer to the following:

From:	To:	Reason:
"SIXTH: That the number of directors of said corporation shall be nine (9), three (3) of whom shall be independent. (as amended on 1 July 2016, and further amendment by the Board of Directors and Stockholders at the respective meetings both held on 6 January 2017)"	"SIXTH: That the number of directors of said corporation shall be eleven (11), at least one-third (1/3) of whom shall be independent. (as amended on 1 July 2016, and further amended by the Board of Directors and Stockholders at their representative meetings both held on 6 January 2017)"	To add more independent directors for their expertise.

Item 18. Other Proposed Action

None.

Item 19. Voting Procedures

(a) Vote required

In accordance with Section 7, Article III of CLI's By-laws, as amended, any matter, question, or election submitted to a vote during stockholders meeting, except in cases where specified in the By-laws or where other provision is made by statute or in the Articles of Incorporation, in order to be carried, shall require the majority vote (50% plus 1) of the outstanding capital stock of stockholders present in person or by proxy, a quorum being present.

Based on the foregoing, and pursuant to Section 15 of the RCC, the proposed amendment of the Articles of Incorporation shall require the affirmative vote of stockholders representing at least two-thirds (2/3) of the total outstanding capital stock of the Company entitled to vote, present in person or by proxy.

All other items in the Agenda shall require the affirmative vote of a majority of the outstanding capital stock of the Company entitled to vote, present in person or by proxy.

(b) Manner of Voting

In all items for approval during the Regular Stockholders' Meeting, each holder of voting shares is entitled to one (1) vote for every outstanding common share.

Pursuant to Section 56 of the RCC, treasury shares shall have no voting right as long as they remain in the treasury. The recently issued and listed Series "A" Preferred Shares have no voting rights except as specifically provided under the RCC. Hence, the holders and/or beneficial owners of Series "A" Preferred Shares are not eligible or entitled to vote for and elect the CLI Directors and/or vote for other agenda items in the Regular Stockholders Meeting.

The Company sets no condition precedent for the exercise of one voting method over the other since these options are provided for by law.

Proxies shall be in writing, signed, and filed by the stockholder in any form authorized by CLI's By-laws and received by the Office of the Corporate Secretary within a reasonable time before the scheduled meeting. Unless otherwise provided in the proxy form, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any one time.

As of this publication, voting through remote communication or in absentia is not yet authorized in the Company's By-laws or by the majority of the Board of Directors. However, stockholders or their proxies who wish to join this Regular Stockholders' Meeting remotely can send their ballots or proxy forms, where they can indicate their votes on every agenda item, to the Corporate Secretary on or before 28 May 2024 so that such votes can be counted prior to the meeting. A copy of the ballots and proxy forms are attached herewith as Annexures "B", "C", and "D".

(c) Method of Counting Votes

The accounting firm of Sta. Ana Rivera & Co. shall be responsible for the counting of votes and tabulation of results based on the number of shares entitled to vote owned by the stockholders who submitted their ballots or proxy forms on or before 28 May 2024 to CLI's Office of the Corporate Secretary.

All votes received shall be tabulated by the Sta. Ana Rivera & Co., with the assistance of CLI's Office of the Corporate Secretary and CLI's stock transfer agent. The Corporate Secretary shall report the partial results of voting during the meeting. The actual voting results shall be reflected in the minutes of the meeting.

(d) Items for Approval by Stockholders in the Regular Meeting

A copy of the Agenda enumerating the items for approval by stockholders at the Regular Stockholders' Meeting is attached herewith and made integral hereof as Annex "A".

PART II. INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

The Company is not soliciting any advanced votes by proxy on all matters intended for approval by stockholders at the Regular Stockholders Meeting on 04 June 2024. Please refer to Annex "A" for the items requiring such approval.

Item 2. Instruction

Pursuant to Section 7, Article III of the CLI By-laws, any security holder who cannot be physically present but entitled to vote at the Regular Stockholders' Meeting on 04 June 2024 may be represented by proxy who may vote his/her shares on any matter intended for approval by stockholders. Copies of the prescribed proxies for individual and corporate stockholders are attached herewith and made integral hereof as Annexures "B" and "C". Proxy forms sent in substantially the same form as the foregoing annexures are valid subject to validation by the Corporate Secretary or his assistant. The decision of the Corporate Secretary or his assistant on the validity of any proxy form shall be final and binding until set aside by a court of competent jurisdiction in keeping with paragraph 2, Section 8, Article III of the CLI By-laws.

All proxy forms must be delivered by post or email to the address below on or before 28 May 2024, which is likewise the date set for its verification:

Atty. Alan C. Fontanosa
Corporate Secretary
SYCIPLAW CEBU OFFICE
406 Keppel Center, Cardinal Rosales Ave.,
cor. Samar Loop, Cebu Business Park,
6000 Cebu City, Philippines
E-mail: acfontanosa@syciplaw.com
Phone: +6332 233.1211 to 13

If delivered by email, kindly use the following addresses:

corporate.secretary@cebulandmasters.com

Please refer to Item 19(b) above for the mechanics on how votes will be taken either in person or by proxy at the Regular Stockholders' Meeting on 04 June 2024.

Item 3. Revocability of Proxy

Pursuant to Section 8, Article III of the CLI By-laws, proxy forms are considered valid only for the meeting at which it has been presented to the Corporate Secretary or his assistant, unless otherwise provided, which shall in no case be valid and effective for a period longer than five years from the date of the proxy in keeping with the provision of SRC Rule 20.

Proxy forms filed may still be revoked by the stockholders either by an instrument in writing duly presented and recorded with the Corporate Secretary or his assistant prior to the scheduled meeting or by their personal presence on 04 June 2024.

Item 4. Persons Making the Solicitation

Not applicable for this Regular Stockholders' Meeting.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

(a) Solicitations Not Subject to paragraph (8) of SRC Rule 20

Not applicable. There are no solicitations of this nature during the Regular Stockholders' Meeting on 04 June 2024.

(b) Solicitations Subject to paragraph (8) of SRC Rule 20

Not applicable. There are no solicitations of this nature during the Regular Stockholders' Meeting on 04 June 2024.

**PART III.
SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report are true, complete, and correct. This report is signed in the City of Cebu on MAY 13 2024

By:



ATTY. ALAN C. FONTANOSA
Corporate Secretary

ANNEX “A”

AGENDA

CLI Regular Stockholders’ Meeting

04 June 2024

9:30 A.M. – 11:00 A.M.

Venue: Hybrid of remote through teleconferencing and/or videoconferencing hosted in Citadines, Baseline Center, Juana Osmeña St., Cebu City 6000 Philippines, and in-person in Citadines, Baseline Center, Juana Osmeña St., Cebu City 6000 Philippines

9:00 – 9:30 A.M.	Registration	Secretariat
9:30 – 9:33 A.M.	Opening Prayer	Dir. Stephen A. Tan
9:33 – 9:34 A.M.	Call to Order	Chairman Jose R. Soberano III
9:34 – 9:36 A.M.	Certification of Notice and Quorum	Corporate Secretary
9:36 – 9:44 AM	Review and Approval of Previous Minutes Minutes of the Regular Stockholders Meeting held on 01 June 2023 Minutes of the Special Stockholders Meeting held on 14 February 2024	Shareholders
9:44 – 10:04 AM	New Business CFO’s Report	Dir. B. Grant L. Cheng
10:06 – 10:26 AM	COO’s Report	Dir. J. Franco B. Soberano
10:28 – 10:48 AM	Chairman’s Report	Dir. Jose R. Soberano III
10:50 – 10:55 AM	Approval of Audited Financial Statements as of December 31, 2023	Dir. B. Grant L. Cheng
10:57 – 11:02 AM	Ratification of all acts of the Board of Directors during its 2023-2024 term	Shareholders
11:02 – 11:10 AM	Election of Directors for the 2024-2025 Term	Dir. Rufino Luis T. Manotok
11:11 – 11:15 AM	Appointment of External Auditor for Fiscal Year 2024	Dir. B. Grant L. Cheng
11:16 – 11:20 AM	Approval of the Amendment of the AOI	Shareholders
11:21 – 11:29 AM	Other Matters	Chairman / Shareholders
11:30 AM	Adjournment	Chairman

ANNEX "B"

PROXY FORM (for individual stockholder)

I/We, _____, Filipino/s, of legal age, (single / married / widow), and a resident of _____, do hereby constitute and appoint _____, who is also of legal age, Filipino, (single / married / widow), and a resident of _____, to represent me/us and vote _____ (_____) of my/our shares of the capital stock appearing in my/our name/s at the Annual Stockholders' Meeting of Cebu Landmasters, Inc. to be held on 04 June 2024.

In the absence of my/our above proxy, please count my/our votes for the following items in the Agenda:

I. Review and Approval of Previous Minutes
A. Review and Approval of the Minutes of the Annual Stockholders Meeting on 01 June 2023
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
B. Review and Approval of the Minutes of the Special Stockholders Meeting on 14 February 2024
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
II. New Business
A. CFO's Report
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
B. COO's Report
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
C. Chairman's Report
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
D. Approval of Audited Financial Statements as of December 31, 2023
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
E. Ratification of all acts of the Board of Directors during its 2023-2024 term <i>(The list of acts is available on the CLI website)</i>
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
F. Election of Directors for the 2024-2025 term
Jose R. Soberano III
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Ma. Rosario B. Soberano
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Jose Franco B. Soberano
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Beauregard Grant L. Cheng
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Joanna Marie S. Bergundthal
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Rufino Luis T. Manotok
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____
Ma. Aurora D. Geotina-Garcia
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain No. of Shares Voted: _____

Atty. Ma. Jasmine S. Oporto			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Stephen A. Tan			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
G. Appointment of External Auditor for Fiscal Year 2024			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
H. Approval of the Amendment of AOI			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
III. Other Matters			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
IV. Adjournment			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____

IN WITNESS WHEREOF, I/We have hereunto set my/our hand/s this _____ at the City of _____, Philippines.

STOCKHOLDER/S

Accepted by:

Name of Proxy

ACKNOWLEDGMENT

BEFORE ME, a notary public for and in the City/Province of _____, this _____ personally appeared the abovenamed parties with their government-issued IDs to wit:

Stockholder _____	Valid Until: _____
Stockholder _____	Valid Until: _____
Proxy _____	Valid Until: _____

and by virtue thereof I sufficiently identified them to be the same persons who signed the above *Proxy Form*, consisting of two (2) pages including this *Acknowledgment* page, and they declared and acknowledged to me that they signed the said instrument for the purposes stated therein and that the same is their free and voluntary act and deed.

Witness my hand and seal on the date and place abovementioned.

Doc. No. : _____;
Page No.: _____;
Book No.: _____;
Series of 2024.

REMINDER: THIS PROXY FORM MUST BE RECEIVED BY THE CORPORATE SECRETARY OR HIS ASSISTANT ON OR BEFORE 28 MAY 2024 FOR ANY VOTES CONTAINED HEREIN TO BE COUNTED DURING THE REGULAR STOCKHOLDERS MEETING.

ANNEX "C"

PROXY FORM (for corporate stockholder)

I, _____, Filipino, of legal age, with office address at _____, after being duly sworn in accordance with law, do hereby depose and state THAT:

1. I am the duly elected and incumbent Corporate Secretary of _____ (the "Corporation"), a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal address at _____;

2. According to corporate records, at the regular/special meeting of the Board of Directors of the Corporation held on _____, with prior notice given to all directors and duly called for the purpose at which a quorum was present, the following resolutions were duly approved:

"BE IT RESOLVED, as it is hereby RESOLVED –

1. That the Board authorize _____, to be the Corporation's authorized proxy to attend all meetings of the stockholders of Cebu Landmasters, Inc., whether regular or special, with full authority to vote the shares of the Corporation and to act upon all matters and resolutions that may come before or presented during the said meetings, in the name, place and stead of the Corporation;

2. RESOLVED FURTHER, that in the absence of the above authorized officer of the Corporation during the actual stockholders of Cebu Landmasters, Inc., the following shares of the Corporation shall be voted and counted for the following items in the Agenda:

I.	Review and Approval of Previous Minutes					
A.	Review and Approval of the Minutes of the Annual Stockholders Meeting on 01 June 2023					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
B.	Review and Approval of the Minutes of the Special Stockholders Meeting on 14 February 2024					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
II.	New Business					
A.	CFO's Report					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
B.	COO's Report					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
C.	Chairman's Report					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
D.	Approval of Audited Financial Statements as of December 31, 2023					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
E.	Ratification of all acts of the Board of Directors during its 2023-2024 term <i>(The list of acts is available on the CLI website)</i>					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
F.	Election of Directors for the 2024-2025 term					
	Jose R. Soberano III					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____
	Ma. Rosario B. Soberano					
<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Abstain	No. of Shares Voted: _____

Jose Franco B. Soberano	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Beauregard Grant L. Cheng	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Joanna Marie S. Bergundthal	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Rufino Luis T. Manotok	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Ma. Aurora D. Geotina-Garcia	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Atty. Ma. Jasmine S. Oporto	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
Stephen A. Tan	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
G. Appointment of External Auditor for Fiscal Year 2024	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
H. Approval of Amendment of AOI	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
III. Other Matters	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____
IV. Adjournment	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain	No. of Shares Voted: _____

3. I attest to the truth of the foregoing and issue this certification for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ in _____, Philippines.

Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ at _____, Philippines, abovenamed Affiant who presented to me his/her government-issued ID: _____ and by virtue thereof I sufficiently identified him/her to be the same person who signed the foregoing *Proxy Form* in my presence and swore as to said document that he/she understood the contents thereof and that the same is his/her free and voluntary act and deed as well as the corporation represented therein.

Witness my hand and seal on the date and place abovementioned.

Doc. No. : _____;
Page No.: _____;
Book No.: _____;
Series of 2024.

REMINDER: THIS PROXY FORM MUST BE RECEIVED BY THE CORPORATE SECRETARY OR HIS ASSISTANT ON OR BEFORE 28 MAY 2024 FOR ANY VOTES CONTAINED HEREIN TO BE COUNTED DURING THE REGULAR STOCKHOLDERS' MEETING.

ANNEX “D”

BALLOT

Name : _____
Principal’s Name : _____ (if proxy)
Number of Shares : _____ (to be verified by CLI)

Agenda Items for Approval by Stockholder

Agenda Item	Vote	No. of Shares Voted (indicate specific number or “ALL”)
Review and Approval of Previous Minutes (Minutes of the Regular Stockholders’ Meeting held on 01 June 2023)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
Review and Approval of Previous Minutes (Minutes of the Special Stockholders’ Meeting held on 14 February 2024)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
New Business A. CFO’s Report	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
B. COO’s Report	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
C. Chairman’s Report	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
D. Approval of the Audited Financial Statements as of December 31, 2023	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
E. Ratification of all acts of the Board of Directors during its 2023-2024 term (The list of acts is available on the CLI Website)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
F. Election of Directors for the 2024-2025 Term	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> ● Jose R. Soberano III 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> ● Ma. Rosario B. Soberano 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> ● Jose Franco B. Soberano 	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	<hr style="border: 1px solid black;"/>
	<input type="checkbox"/> Yes	<hr style="border: 1px solid black;"/>

•	Beauregard Grant L. Cheng	<input type="checkbox"/> No <input type="checkbox"/> Abstain	
•	Joanna Marie S. Bergundthal	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
•	Rufino Luis T. Manotok	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
•	Ma. Aurora D. Geotina-Garcia	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
•	Atty. Ma. Jasmine S. Oporto	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
•	Stephen A. Tan	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
G.	Appointment of External Auditor for Fiscal Year 2024	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
H.	Amendment of Articles of Incorporation to increase number of directors from nine (9) to eleven (11), and at least one-third (1/3) of whom shall be independent	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
Other Matters		<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	
Adjournment		<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain	

Stockholder's signature

ANNEX “E”

NOTICE OF MEETING

Dear CLI Stockholders,

You are hereby notified that **CEBU LANDMASTERS, INC. (“CLI”)** will hold a Regular Stockholders’ Meeting on 04 June 2024 starting at 9:30 in the morning. The meeting will be held remotely through a hybrid of remote, through teleconferencing and/or videoconferencing, and in-person in Citadines, Baseline Center, Juana Osmeña St., Cebu City 6000 Philippines,

CLI is notifying its stockholders about the ASM via the alternative mode allowed by the Securities and Exchange Commission in its resolution from its meeting dated 22 February 2024. As such, this Notice of Meeting is published in the business section of two (2) newspapers of general circulation, in print and online format, for two (2) consecutive days, with the last publication made no longer than twenty-one (21) days prior to the scheduled ASM.

If you intend to join, please ensure you remain a CLI stockholder as of 23 April 2024, the record date for the meeting. Also, on this day, you may start sending your proxy forms and ballots to the Secretariat, which will continue to receive them until 28 May 2024, the deadline for their validation.

You may download the Information Statements, agenda, proxy forms, ballots, and other related materials for the meeting from the company website at <https://cebulandmasters.com/investor-relations/stockholders-meeting>

We will endeavor to send you the Zoom log-in details and dial-in numbers for this meeting within a few days after validating your proxy forms and ballots sent either to corporate.secretary@cebulandmasters.com or my office address below.

Sincerely,

Atty. Alan C. Fontanosa (signed)

Corporate Secretary

SyCip Salazar Hernandez & Gatmaitan

406 Kepwealth Center

Cardinal Rosales Ave., cor. Samar Loop

Cebu Business Park

6000 Cebu City, Philippines

E-mail: acfontanosa@syciplaw.com or corporate.secretary@cebulandmasters.com

Phone: +6332 233.1211 to 13

ANNEX “F”

Management’s Discussion, Analysis and Plan of Operation

OVERVIEW

CLI is the leading residential developer in Visayas and Mindanao. The Company’s story commenced with a vision to provide quality homes for everyday Filipinos. Jose R. Soberano III founded CLI and incorporated the Company on September 26, 2003. On June 2, 2017, the Company was listed on the PSE with “CLI” as its ticker symbol. A total of 430,000,000 shares were issued and fully subscribed at ₱5.00 per share. CLI’s initial public offering was instrumental in this growth, as it raised ₱2.15 billion worth of fresh capital from investors – boosting its expansion in new locations and fueling its various projects.

As of March 31, 2024, CLI has a total of 121 projects in different development stages and established a diverse portfolio of residences, offices, hotels, mixed-use properties, and townships across 16 key cities in the VisMin region.

CLI’s approach to the business has been acknowledged through prestigious accolades, including Best Developer of the Philippines in 2019, Best Developer in Visayas and Mindanao in 2021 and 2022, and Best Developer in Mindanao in 2023. These recognitions, earned at the Philippine Property Awards and Asia Property Awards winning against other well-established players in the industry, testify to the company’s unwavering commitment to quality and innovation.

In 2023, an independent study by Colliers International reaffirmed CLI’s leading position in the VisMin residential market. The study identified CLI as the top residential developer in the region, having the largest market share among real estate firms. With a 23% overall residential share in net take-up value, CLI continues to grow market share in key VisMin cities, indicating increasing consumer confidence and recognition in the market.

CLI’s vision extends beyond the present accomplishments. The Company remains steadfast in its pursuit of expansion and innovation. CLI’s robust growth strategies aim to further solidify its market leadership, foster strategic partnerships, and explore new avenues for sustainable development and community enhancement.

COMPANY MILESTONES

During the initial quarter of the year, CLI initiated its first expansion project in Butuan, Casa Mira Homes Butuan, valued at PHP 2.6 billion. Notably, a significant portion of its inventory was swiftly sold within just one month of its launch. This contributed to CLI achieving a sell-out status of 93% for all its projects at varying stages of development, with reservation sales reaching PHP 7.18 billion to date.

Additionally, within the same period, CLI opened two new hotels: Iyf Cebu City in Base Line Center and The Pad Co-Living in Banilad High Street, expanding its portfolio alongside the fully operational Citadines Cebu City. CLI now operates 338 room keys. With the completion of Citadines Bacolod with 200 rooms scheduled to open in May, CLI is currently constructing six additional hotels, poised to enhance its revenue from the hospitality sector.

Moreover, CLI announced its first international partnership earlier this year, collaborating with NTT UD Asia Pte. Ltd., a Japanese company, to establish CLI NUD Ventures, Inc. Their inaugural collaboration involves a premier residential development in Cebu IT Park valued at PHP 6.4 billion. Expected to launch in the last quarter of 2024, the first tower of this project will feature over 500 premium residential units, marking a significant milestone in CLI’s expansion journey.

Furthermore, CLI has spent PHP 2.74 billion in capital expenditures, with the majority (89%) allocated for residential development, 7% for investment properties, and the remaining portion for existing lot payments.

As of March 31, 2024, CLI reported a total land bank of 96.4 hectares valued at PHP 9.7 billion, inclusive of the expansion site in Gensan. During the year, the company developed 10.7 hectares, representing

Casa Mira Butuan. CLI is also engaged in ongoing negotiations to acquire property in Luzon for its inaugural expansion into the Luzon market.

COMPANY MILESTONES FOR THE PERIOD ENDED DECEMBER 31, 2023

In 2023, CLI launched a total of ten projects valued at ₱18.7 billion in 2023. Part of the launch is the introduction of the Mirani brand addressing the needs of the lower-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences in Davao with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Homes Davao, which is now 95% sold out. Velmiro Heights – Consolacion Ph1, another CLI's mid-market product located in Northern Cebu was launched last December 2023. Velmiro Heights Consolacion Ph1, will have 378 units composed of a series of single detached models with lot areas ranging from 100 to 197 sq.m. The project sold 93% within days of being introduced to the market, indicating strong demand for such a project. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4 and Costa Mira Panglao T3. This substantial fresh inventory, coupled with the continued high demand for the established Casa Mira brand, propelled CLI to achieve a record-breaking sales of ₱20.6 billion, up by 14% versus the same period in 2022.

Davao projects accounted for the majority of the sales with 40% of the total sales, Cebu with 30%, Bohol with 12%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remainder of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 45% of total sales, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod. To date, CLI has already sold out 93% of its inventory across all projects in various phases of development.

The Company has invested ₱12.89 billion in capital projects as of December 2023, 81.7% of which went towards project development, and 6% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 has. in General Santos City, increasing its landbank to 107 has. with a total value of ₱9.70 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company expands its hospitality portfolio with the launch of The Pad and lyf Cebu in the final quarter of 2023. The opening of lyf Cebu with 159 rooms brings CLI's operational hotel count to three, following the launch of The Pad Co-Living with 258 rooms and Citadines Cebu City in 2019 with 180 rooms. Like the latter, lyf Cebu City is also operated by international hospitality group The Ascott Limited. This strengthens CLI's hospitality portfolio while signaling the company's confidence in VisMin's growing tourism sector.

In 2023, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the Company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the Company's dedication to delivering creative and sustainable developments.

The 2023 Asia-Pacific Stevie Awards have also recognized CLI as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the Company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, on September 28, 2023, CLI was awarded 2 Golden Arrows by the Institute of Corporate Directors ("ICD"). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the ICD at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in its ethos, driving its pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

January 1 to March 31, 2024 vs January 1 to March 31, 2023

Cebu Landmasters Inc. demonstrated a strong performance in the first quarter of 2024, with consolidated revenue increasing by 31% to reach ₱6.235 billion from ₱4.777 billion in the same period last year. This growth was driven by expansion across all business segments, highlighting robust market demand. Consequently, the company achieved double-digit growth in net income to parent, rising from ₱847 million to ₱978 million, representing a 15% normalized growth year-on-year in alignment with the updated PFRS.

REVENUES

Real estate sales

Real estate sales recorded a significant 30% year-over-year increase in revenue to ₱6.15 billion from ₱4.71 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 39% of its overall figure. Mindanao and Visayas (ex-Cebu) contributed 35% and 25%, respectively. The increase in share in revenue outside Cebu were driven by new projects such as Casa Mira Homes Davao, Mindara Residences, East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

Premier Masters (Premier market) reported revenue of ₱1.16 billion, reflecting a decrease of 28% year-on-year from ₱1.62 billion. This decrease can be attributed to significant revenue qualifications in the previous year related to Costa Mira Beachtown Mactan, One Paragon Place, and One Astra, which are scheduled for turnover this year.

Garden Series (Mid-market), grew 28% year-on-year from ₱1.48 billion to ₱1.90 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township (DGT), Mindara Residences in Davao and Mivela Garden Residences in Cebu.

Casa Mira Series (Economic market) is the top contributor to revenue, marking a growth of 91% year-on-year from ₱1.57 billion to ₱2.99 billion. This growth is driven by Casa Mira Homes Davao, Casa Mira Homes Danao, Casa Mira Towers Palawan, Casa Mira Towers Bacolod, and Casa Mira Towers Mandaue.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

Leasing

The company experienced a significant growth in rental revenues, reaching ₱34 million, representing a 58% year-on-year increase from ₱21 million. This growth can be attributed primarily to higher lease rates and increased revenue from recently completed projects. Notably, by the end of the first quarter of 2024, CLI has substantially expanded its Gross Leasable Area to 40,575 square meters, marking a notable 13% rise from the previous quarter's 35,772 square meters. This expansion is a direct result of the successful completion and turnover of Banilad Highstreet and Drive-Thru spaces in Davao Global Township, currently boasting full lease rates of 100%. Additionally, the completion of DGT Pavilion and DGT Retail Pads has contributed an additional GLA of over 4,000 sq.m. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Hotel operations

The strengthening of the hospitality industry in VisMin presents a significant opportunity for CLI. This has served as a powerful catalyst for CLI's hotel operations, leading to a significant improvement in revenue. Notably, the hotel operations experienced a substantial increase, generating ₱40 million in revenue, improving from ₱29 million during the same period in the previous year, a 37% growth brought about by the opening of Iyf Cebu City in Base Line Center and The Pad Co-Living in Banilad High Street adding to the fully operational Citadines Cebu City and increasing the company's total completed rooms to now 338.

Looking ahead, another hotel is underway with the 200-room Citadines Bacolod City set to open in Q2 2024. Radisson Red with 144 rooms will also open by 2025. Furthermore, with 6 more hotels under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

Management Fee

This included the project management fee that CLI charges for being the project manager on joint venture projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱15.19 Million, these are fees charged to CLI's joint venture companies for managing the development of the project.

COST AND EXPENSES

Cost of sales and services

In line with the growth in revenue performance, the company's cost of sales for the three months ending March 31, 2024, was reported at ₱3.12 billion, 18% year-over-year increase from ₱2.64 billion of the same period last year.

Operating Expenses

Total operating expenses during the period amounted to ₱937 million, a 50% y-o-y increase from ₱623 million of the same period in 2023. The increase was mainly driven by commissions and incentives which grew by 76% to ₱459 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.42% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

In October 7, 2022, CLI listed its first tranche of ₱15 billion bonds worth ₱5 Billion with the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%

The proceeds from the Bonds raised will extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

Recently, CLI successfully listed its follow-on offering of PHP 4.28 billion from Series A preferred shares. Proceeds from this offering will primarily be used to support the company's expansion plans.

NIAT ATTRIBUTABLE TO NON-CONTROLLING INTEREST (NCI)

For the period ending March 31, 2024, NIAT attributable to NCI saw a significant decrease to ₱204 million from ₱284 million in Q1 2023. This decline can be attributed to the fact that most of the projects contributing to revenue are CLI projects.

ADOPTION OF PFRS 15

The period as of March 31, 2024 as well as the restated March 31, 2023 financial performances adopts the new PFRS 15 "Revenue from Contracts with Customers" on Sale of residential Properties under Pre-Completion Contracts. The new standard requires that in determining the transaction price, an entity

shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Otherwise, there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract.

Furthermore, the new standard provides guidance with the accounting treatment for borrowing costs. The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

To ensure a fair comparison, it's crucial to use restated figures when analyzing financial performance before and after the adoption of new PFRS. This approach allows for a like-for-like comparison, adjusting for the substantial changes brought about by the new standard and ensuring accurate and meaningful analysis of financial results.

REVIEW ON THE COMPANY'S FINANCIAL CONDITION

As of March 31, 2024, vs December 31, 2023

CLI's balance sheet remains steady and healthy to support construction and expansion plans. As of March 31, 2024, CLI reported total assets of ₱108 billion, an increase of 5% from ₱102 billion as of December 31, 2023 driven by progress in construction from sold units.

ASSETS

26% increase in Cash and Cash equivalents

Mainly from the proceeds obtained from loan availments.

6% decrease in Receivables (including non-current portion)

Declined from ₱2.25 billion to ₱2.13 billion due to collections from completed projects.

10% increase in Contract assets (including non-current portion)

Increase to ₱49.41 billion from ₱45.09 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

37% decrease in Due from related parties

Due to collections on the transactions paid by CLI (Parent) on behalf of its related parties, from ₱48.60 million to ₱30.40 million

5% decrease in Prepayments and other current assets

from ₱6.43 billion to ₱6.11 billion significantly due to decreased prepaid commissions

6% increase in Property and Equipment

from ₱7.24 billion to ₱7.66 billion significantly due to CLI's expanding developments

1% decrease in Right of use asset

from ₱1.13 billion to ₱1.12 billion due to amortization of high-value leasehold rights

3% increase in Investment Properties

from ₱18.33 billion to ₱18.82 billion attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center and Davao Global Township.

29% decrease in non-current assets

from ₱1.79 billion to ₱2.30 billion due to significant decrease in advances to contractors

LIABILITIES

4% increase in Interest-bearing loans and borrowings (including non-current portion) from ₱47 billion to ₱49 billion due to new availments from project term loans

8% Increase in Trade Payables (including non-current portion) from ₱22.97 billion to ₱24.81 billion due to accruals made on unbilled costs to match with revenue recognized.

5% decrease in Contract Liabilities from ₱593 million to ₱562 million due to an increase in collections from buyers coming from new project launches that are ahead of the stage of completion.

410% increase in Income Tax Payable from ₱2.21 million to ₱11.27 million due to the accrual of income tax due for the period.

10% increased Deferred tax liabilities - net from ₱4.32 billion to ₱4.76 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

6% increase in Parent Company's Retained Earnings Due to the Net income recognized during the period.

I. KEY PERFORMANCE INDICATORS

The Cebu Landmasters Inc. (CLI or the "Company") uses a range of financial and operational key performance indicators ("KPIs") to help measure and manage its performance. These KPIs reflect the Company's continuous focus on efficiency, cost control and profitability across all its operations. Management considers the following as KPIs:

	YTD March 31, 2024	YTD March 31, 2023
Gross Profit Margin ¹	50%	51%
Net Income Margin ²	19%	24%
EBITDA ³	₱2.26 billion	₱1.93 billion
EBITDA Margin ⁴	36%	40%
Interest Coverage Ratio ⁵	5.93	5.40
	As of March 31, 2024	As of December 31, 2023
Return on Assets ⁶	5%	5%
Return on Equity (Parent) ⁷	23%	24%
Current Ratio ⁸	1.56	1.55
Net Debt to Equity Ratio ⁹	1.78	1.79

1. Gross Profit Margin is gross profit as a percentage of revenues using the restated figures from 2023.
2. Net Income Margin is consolidated net income as a percentage of revenues using the restated figures from 2023.
3. EBITDA is defined as earnings before interest, tax, depreciation and amortization from continuing operations, and before exceptional items.
4. EBITDA margin is EBITDA as a percentage of revenues
5. Interest Coverage ratio is Interest coverage ratio is computed by dividing EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization) to interest paid during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year

6. Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.
7. Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.
8. Current Ratio is current assets divided by current liabilities
9. Net Debt-to-Equity Ratio is interest bearing debt less cash and cash equivalents over total equity
10. Debt to Equity is interest bearing debt over total equity

Q1 2023 net income includes a one-time recognition of other income related to transfer charges for real estate sales, attributed to take-out and title processing. After taking-out this one-time recognition of other income, the EBITDA Margin for the previous year stands at 38%, while the Net Income Margin is 21%.

The Company's gross profit margin is dependent on the mix of revenue during the period. During the first three months of 2024, 48% of the Company's topline was attributable to Casa Mira Projects which had a higher Gross Profit Margin compared to the other segments. Additionally, recurring projects showed a remarkable revenue recovery, these projects have Gross Profit Margins with over 50%. Meanwhile, Net Income Margin remains stable at 19%.

Cebu Landmasters continue to implement cost efficiency measures that enabled the company to post stable and healthy margins despite the challenging market environment.

For the period ended March 31, 2024, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 23%. Net Debt to Equity ratio improved to 1.78x due to increased equity for Joint venture projects. The Company's current ratio projects ample liquidity at 1.56x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the high-inflation environment. As a result, CLI's financial position remains liquid and strong.

KPIS SUBJECT OF LOAN COVENANTS

The notes facility agreements to which CLI is a party require that it should maintain the following financial ratios, with testing to be done by the Facility Agent annually based on CLI's year-end audited consolidated financial statements:

- a. a Debt-to-Equity Ratio not exceeding 2.5:1;
- b. a Current Ratio of 1:1; and
- c. Interest Coverage Ratio of at least 3:1.

"Debt-to-Equity Ratio" means the result obtained by dividing (i) the amount of interest-bearing liabilities of the Issuer by (ii) total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer; provided, that if the Issuer issues preferred shares which are (1) either redeemable at fixed date, or redeemable at the option of the holder of the preferred shares, and (2) the Issuer is obliged to make payments in the form of either interest or dividends, or the terms and conditions of the issuance of preferred shares oblige the Issuer to distribute a specific percentage of profits, then such preferred shares shall be categorized as liabilities falling under (i) hereof, otherwise, it shall be classified as part of Equity when computing the Debt-to-Equity Ratio. "Equity" means, at any date and as shown in the latest consolidated audited balance sheet of the Issuer, the aggregate of outstanding capital stock, additional paid-in capital, equity reserve and retained earnings.

"Current Ratio" means the proportion of Current Assets to Current Liabilities and is determined by dividing Current Assets by Current Liabilities. "Current Assets" means, at any date, the aggregate current assets as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS. "Current Liabilities" means, at any date, the aggregate current liabilities as shown in the latest consolidated balance sheet of the Issuer (as at such date), prepared in compliance with accounting principles generally accepted in the Philippines as set forth in PFRS.

For purposes of the covenant on Interest Coverage Ratio, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year. "EBITDA" means, during the relevant period, the net earnings of the Issuer before deducting net interest expense, income tax, depreciation, and amortization, as determined in accordance with PFRS and based on the Issuer's consolidated audited financial statements.

I. OTHER INFORMATION

ITEM 1 1st QUARTER 2024 DEVELOPMENTS

A. New Projects or Investments in another line of business or corporation. None

B. Composition of Board of Directors

Name	Position
Jose R. Soberano III	Chairman of the Board, CEO and President
Ma. Rosario B. Soberano	Director, Treasurer and Executive Vice-President
Jose Franco B. Soberano	Director, Chief Operating Officer and Executive Vice-President
Joanna Marie B. Soberano-Bergundthal	Director, Vice President for Marketing, Assistant Treasurer
Beauregard Grant L. Cheng	Director, Chief Financial Officer
Stephen A. Tan	Non-Executive Director
Rufino Luis Manotok	Independent Director
Ma. Aurora D. Geotina-Garcia	Independent Director
Atty. Ma. Jasmine S. Oporto	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

On March 18, 2024, the Board declared a regular and special cash dividends amounting to ₱0.15 per share and ₱0.03 per share, totaling ₱624 million to stockholders on record as of April 17, 2024 and was paid on May 3, 2024

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

As of March 31, 2024, the Company holds ownership interests in the following subsidiaries and associates:

Entity	Effective Percentage of Ownership	
	2024	2023
Subsidiaries		
CLI Premier Hotels Int'l. Inc. (CPH)	100	100
Cebu Landmasters Property Management, Inc. (CPM)	100	100
A.S. Fortuna Property Ventures, Inc. (ASF)	100	100
CLI Hotels and Resorts, Inc. (CHR)	100	100
CLI-LITE Panglao Inc. (CLI-LITE)	88	88
Ming-mori Development Corporation (MDC)	78	78
Sugbo Prime Estates (SPE)	64	64
BL CBP Ventures, Inc. (BL Ventures)	50	50
Yuson Excellence Soberano, Inc. (YES)	50	50
Yuson Huang Excellence Soberano, Inc. (YHES)	50	50
YHEST Realty and Development Corporation (YHEST)	50	50
CCLI Premier Hotels, Inc. (CCLI)	50	50
Cebu Homegrown Developers, Inc. (CHDI)	50	50
YHES Premier Hotels Inc. (YHESPH)	50	50
Cebu BL-Ramos Ventures, Inc. (CBLRV)	50	50
GGTT Realty Corporation (GGTT)	50	50
Mivesa Garden Residences, Inc. (MGR)	45	45
El Camino Developers Cebu, Inc. (El Camino)	35	35
Associates		
Iloilo Global City Corporation (IGCC)	43	43

CLI Premier Hotels Int'l. Inc. a wholly owned subsidiary of the Company, was incorporated on August 26, 2016 to take charge of Citadines Cebu City and the Company's future hotel developments. The commercial operations started on September 14, 2019. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

Cebu Landmasters Property Management, Inc., a wholly owned subsidiary of the Company, was incorporated on April 20, 2017 to provide property management services initially to housing and condominium projects developed by the Company. It is envisioned to eventually offer and expand its services to outside clients. The commercial operations started on September 1, 2017. Its principal office address is at 10th Floor, Park Centrale Tower, J.M. Del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

A.S. Fortuna Property Ventures, Inc. was incorporated as a joint venture on March 9, 2017 to facilitate the acquisition of a 9,989-sq.m. property along AS Fortuna Avenue for the development of the Astra Center Mandaue, a mixed-use development in the AS Fortuna Mandaue area that will house a hotel, residential and office development and a boutique mall. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary as of December 31, 2017. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City.

CLI Hotels and Resorts, Inc. was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group's various hotel projects. Its principal place of business is located in Cebu City. As at December 31, 2022, CHR has yet to start commercial operations.

CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located at Cebu City.

Ming-mori Development Corporation was incorporated on August 1, 2013 to undertake and execute land reclamation projects, submit bids and accept awards for reclamation projects, and manage, hold and sell reclaimed land and other real property. MDC is the private consortium that has proposed to undertake the Ming-Mori Reclamation Project of the Municipality of Minglanilla, which involves the development of the Minglanilla TechnoBusiness Hub, a 100-hectare techno-business park in the progressive town of Minglanilla, a mere 30 minutes away from Cebu City. The Company has subscribed to 20% in Ming-Mori Development Corporation.

SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.

BL CBP Ventures, Inc. was incorporated on February 3, 2016 to develop Latitude Corporate Center, a 24-storey office development at the Cebu Business Park. BL CBP Ventures, Inc. was a joint venture of the Company and Borromeo Bros, Inc. Its principal office address is at AB Soberano Bldg., Salvador Ext., Labangon, Cebu City.

Yuson Excellence Soberano, Inc. was incorporated on December 15, 2016 to mark the Company's entry into the Davao market. It is a joint venture between the Company and Yuson Comm. Investments Inc. to undertake the development of MesaTierra Garden Residences. It will also engage in real estate brokering to facilitate the marketing and sale of the joint venture developments in Davao. Its principal office address is at Suite A, 204 Plaza De Luisa Complex, 140 R. Magsaysay Ave. in Davao City.

Yuson Huang Excellence Soberano, Inc. was incorporated on November 10, 2017 to develop the Paragon Davao Riverside Davao. The development will become a mixed-use

real estate which will include a residential, retail, hotel and convention center. YHES Inc., is a joint venture of CLI, Yuson Strategic Holdings Inc., and Davao Filandia Realty Corp. Its principal office is located at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

YHEST Realty and Development, Inc. was incorporated on August 10, 2018 to develop the Davao Global Township. YHEST Realty and Development is a joint venture between CLI, Yuson Strategic Holdings Inc., Davao Filandia Realty Corp., Plaza De Luisa Development Inc., Yuson Newtown Corp., and Davao Primeland Properties Corp. Its principal address is at MesaTierra Garden Residences Showroom, E. Quirino Avenue in Davao City.

CCLI Premier Hotels, Inc. was incorporated on November 12, 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The Citadines hotel is planned to be managed by Ascott. The principal place of business of CCLI is located at the 2nd floor MesaVirre showroom in Bacolod City.

Cebu Homegrown Developers, Inc., a joint venture of Aboitizland and CLI, was recently incorporated on December 5, 2019 to develop a high-rise mixed-use condominium complex in Mandaue City, Cebu. The Company has a 50% stake in CHDI.

YHES Premier Hotels Inc. was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI which owns 50% of YHES. THE SPH has not yet started its commercial operations.

Cebu BL-Ramos Ventures, Inc. was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.

GGTT Realty Corporation was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City. On June 16, 2020, CLI acquired 50% ownership in GGTT to obtain a controlling interest in the company. As of December 31, 2020, the transaction was accounted for by the Group as an asset acquisition. In the first quarter of 2021, GGTT has started commercial operations, hence, was constituted as an acquisition of a business.

Mivesa Garden Residences, Inc. was incorporated on March 13, 2017 to develop Towers 6 and 7 (Phase 3) of Mivesa Garden Residences, a real property development project located on a 3,000-sq.m. property. Its principal office is located at 10th Floor, Park Centrale Tower, Josemaria del Mar St., Cebu IT Park, Brgy. Apas, Cebu City. CLI holds a 45% stake in MGR.

EL Camino Developers Cebu, Inc. was incorporated on August 15, 2016 to develop a 1.17-hectare property inside the Cebu IT Park. Its principal office address is at Base Line Center, Juana Osmeña St., Brgy. Kamputhaw, Cebu City. The Company has a 35% stake in El Camino.

Iloilo Global City Corporation (IGCC) was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.

Icom Air Corporation was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders to import aircraft(s) and operate a transportation business in the Philippines. ICOM's principal place of business is located in Iloilo City.

Magspeak Nature Park, Inc. was incorporated on October 21, 2011 to acquire, lease and develop lands into nature and ecotourism parks in Balamban Cebu, and to manage and operate the same. CLI holds a 25% stake in Magspeak.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

The Board of Directors of Cebu Landmasters, Inc. (“Company” or “CLI”) during its Special Board meeting in 6 October 2021 has approved the Executive Stock Option Plan (ESOP) for qualified officers of CLI. This is a type of performance incentive, where options are granted to purchase the shares of the Company at a discount.

The shares that may be exercised from these options will be sourced from the treasury shares of the Company or from publicly traded shares. The objectives of the plan are a) to Attract, retain, and motivate talented and key employees; b) Encourage employees to align individual performance with Company objectives; and c.) Reward employee performance with stockholdings in proportion to their contribution to the Company.

Each level has a predetermined number of shares exercisable per year with a four-year vesting period. The exercise price is the higher of Php 2.25 or current market price with a 15% discount. The current market price is computed as the average of the closing price for the last five trading days.

Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for least 6 months from the exercise date.

Voting and dividend rights vests upon the issuance of the shares to the employees.

In April 12, 2022, CLI granted exercise of 3,349,000 and 470 CLI shares to beneficiaries/participants under CLI Executive Stock Option Plan sourced from the treasury shares of the Company at the market price of 2.98 and 3.00 respectively.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

H. Other information, material events or happenings that may have affected or may affect market price of security.

None

I. Transferring of assets, except in the normal course of business.

None

III. OTHER NOTES TO FIRST QUARTER OF 2024 OPERATIONS AND FINANCIALS

J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

None

K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

L. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

None

M. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

N. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

None

O. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

None

P. Changes in Contingent Liabilities or contingent assets since the last annual balance sheet date.

None

Q. Other material events or transactions during the interim period.

None

R. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None

S. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

T. Material commitments for capital expenditures, general purpose and expected sources of funds

The Company's target capital expenditures for the year amounts to ₱14.5 billion. For the first three months 2024, a total of ₱2.74Bn was spent, with the majority, or 88.7% for project development.

U. Known trends, events or uncertainties that have had or that are reasonably expected to have an impact on sales/revenues/ income from continuing operations.

None

V. Significant elements of income or loss that did not arise from continuing operations

None

W. Causes for any material change/s from period to period in one or more line items of the financial statements.

None

X. Seasonal aspects that had a material effect on the financial condition or results of operations.

None

Y. Disclosures not made under SEC Form 17C

None

COMPANY MILESTONES FOR THE PERIOD ENDED DECEMBER 31, 2023

In 2023, CLI launched a total of ten projects valued at ₱18.7 billion in 2023. Part of the launch is the introduction of the Mirani brand addressing the needs of the lower-income segment, offering residences priced at around ₱1.90 million to ₱2.90 million. Another notable project launch is Mindara Residences in Davao with almost 546 of its units being sold out, amassing ₱2.50 billion in sales within the first week of its launch. CLI also introduced its first house and lot project in Davao, Casa Mira Homes Davao, which is now 95% sold out. Velmiro Heights – Consolacion Ph1, another CLI's mid-market product located in Northern Cebu was launched last December 2023. Velmiro Heights Consolacion Ph1, will have 378 units composed of a series of single detached models with lot areas ranging from 100 to 197 sq.m. The project sold 93% within days of being introduced to the market, indicating strong demand for such a project. Other project launches include Casa Mira Towers Mandaue T1, Mandra T2, CMT Palawan T4, CMT Bacolod T4 and Costa Mira Panglao T3. This substantial fresh inventory, coupled with the continued high demand for the established Casa Mira brand, propelled CLI to achieve a record-breaking sales of ₱20.6 billion, up by 14% versus the same period in 2022.

Davao projects accounted for the majority of the sales with 40% of the total sales, Cebu with 30%, Bohol with 12%, Bacolod with 9% and Palawan with 7% while Dumaguete, Iloilo, Ormoc, and CDO contributed the remainder of the total sales.

In terms of market segment, Casa Mira - Economic brand led the market with 45% of total sales, primarily from Casa Mira Davao, Casa Mira Danao, and Casa Mira Towers in Palawan and Bacolod. To date, CLI has already sold out 93% of its inventory across all projects in various phases of development.

The Company has invested ₱12.89 billion in capital projects as of December 2023, 81.7% of which went towards project development, and 6% spent for land acquisition, CLI is expanding in Mindanao by most recently purchasing 21 has. in General Santos City, increasing its landbank to 107 has. with a total value of ₱9.70 billion. With this acquisition, CLI is serving the region's robust and consistent housing demand, being present in 16 key VisMin cities.

In October 2023, CLI entered into a partnership with NTTUDA, an international developer known for commercial properties, including office buildings, residences, and mixed-use developments in Southeast Asia. This JV is geared towards the development of premium-grade residential towers in the heart of Cebu City.

The Company expands its hospitality portfolio with the launch of The Pad and lyf Cebu in the final quarter of 2023. The opening of lyf Cebu with 159 rooms brings CLI's operational hotel count to three, following the launch of The Pad Co-Living with 258 rooms and Citadines Cebu City in 2019

with 180 rooms. Like the latter, Iyf Cebu City is also operated by international hospitality group The Ascott Limited. This strengthens CLI's hospitality portfolio while signaling the company's confidence in VisMin's growing tourism sector.

In 2023, CLI also received various recognitions starting with the 5-Star BERDE Certification which was officially turned over by the Philippine Green Building Council, led by their CEO, Mr. Chris de la Cruz. Latitude Corporate Center is the FIRST 5-Star BERDE Certified Office Building in Cebu City, with its iconic design masterfully crafted for great businesses.

Furthermore, BCI Asia Philippines once again recognized the Company as one of the Top 10 Developers in the Philippines for 2023, making this the sixth year in a row that it has won. This acknowledgment reinforces the Company's dedication to delivering creative and sustainable developments.

The 2023 Asia-Pacific Stevie Awards have also recognized CLI as one of the Bronze Stevie Winners for Innovative Achievement in Corporate Social Responsibility. This distinction represents the Company's unwavering dedication to sustainability and exceptional efforts in improving the environment and society at large.

Lastly, on September 28, 2023, CLI was awarded 2 Golden Arrows by the Institute of Corporate Directors ("ICD"). Companies with exemplary corporate governance were honored in the 2023 ACGS and CGS Golden Arrow Recognition, carried out by the ICD at Okada Manila Hotel.

CLI's unwavering commitment to innovation and excellence underscores its continual strides towards becoming the premier developer in VisMin. Through dedicated efforts in refining strategies, embracing technological advancements, and fostering a culture of excellence, CLI remains resolutely positioned at the forefront of the region's development landscape. This dedication to surpassing benchmarks and setting new industry standards is ingrained in its ethos, driving its pursuit of becoming the unequivocal leader in the VisMin region's real estate development industry.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

January 1 to December 31, 2023 vs. January 1 to December 31, 2022

In 2023, CLI showcased a commendable financial performance, reporting a consolidated net income of ₱4.64 billion. This figure reflected a significant y-o-y increase of 29% from the previous period's ₱3.61 billion. Furthermore, the NIAT attributable to the parent company of CLI demonstrated a solid growth of 13%, reaching ₱3.58 billion compared to ₱3.17 billion in the same period last year. The notable earnings expansion can be attributed to the Company's robust performance across all revenue streams which led to CLI's consolidated revenue increasing by 20% to ₱18.82 billion from ₱15.66 billion the previous year. This is supported by higher construction progress and higher sales take-up. Using the weighted average of 3,465,201,467 shares, EPS was ₱1.03 for the year 2023 as compared with the same period last year of ₱0.92, a 12% increase.

REVENUES

Real estate sales

Real estate sales recorded a significant 20% y-o-y increase in revenue to ₱18.51 billion from ₱15.44 billion. Higher construction progress and more units that qualified for revenue recognition were the causes of the reported improvement.

In terms of location, Cebu still is the strongest contributor of revenue which accounted for 43% of its overall figure. Visayas (ex-Cebu) and Mindanao contributed 26% and 24%, respectively. The increase in share in revenue outside Cebu was driven by new projects such as East Village Residences, Casa Mira Towers Bacolod, Casa Mira Towers Palawan, and Costa Mira Beach Panglao.

Revenue per Market segment reported the following performance:

Premier Masters (Premier market) recorded revenue of ₱ 4.69 billion, an increase of 23% y-o-y from ₱3.83 billion mainly driven by the new revenue qualifications from Costa Mira Beachtown Mactan and Panglao, Calle 104, Citadines Paragon, and One Paragon Place.

Garden Series (Mid-market), likewise grew 35% y-o-y from ₱4.16 billion to ₱5.60 billion. The increase was steered by The East Village, the first residential project of CLI's Davao Global Township ("DGT") and Mandtra Residences in Cebu.

Casa Mira Series (Economic market) reported a stable revenue of ₱8.13 billion, driven by Casa Mira Towers Bacolod T1-T2, Casa Mira South Ph3A2, Casa Mira Homes Davao, Casa Mira Towers Guadalupe T3, Casa Mira Homes Ormoc, Casa Mira Homes Danao and Casa Mira Towers Palawan.

The Company expects to grow real estate revenue contribution from projects newly launched during the period.

Leasing

The company experienced a substantial growth in rental revenues, reaching ₱112.34 million, a notable 42% y-o-y surge from ₱79.27 million. This upturn was predominantly driven by a blend of augmented lease rates and the revenue influx from recently completed projects. Notably, for the year 2023, CLI has significantly expanded its GLA to 35,772 sq. m., marking a remarkable 19% increase from the previous quarter's 30,006 sq.m. This surge is attributed to the successful turnover of Banilad Highstreet and Drive-Thru spaces in DGT, currently boasting impressive lease rates of 72% and 100%, respectively. These developments stand as pivotal contributors to CLI's upward trajectory and burgeoning success in the market.

Hotel operations

The resurgence in the travel and leisure sector served as a powerful catalyst for CLI's hotel operations, resulting in a remarkable upsurge in revenue. Notably, the hotel operations soared to generate ₱138.55 million, a striking leap from ₱83.42 million during the same period in the previous year, marking a robust 66% growth. This impressive increase was primarily fueled by a surge in bookings and elevated room rates, particularly evident in Citadines Cebu City.

In the last quarter of 2023, the Company turned over a portion of rooms from The Pad and Baseline Lyf. This move significantly bolstered the hotel's keys, escalating from 180 to 338. The remaining hotel keys of The Pad and Baseline Lyf are scheduled for completion in the first quarter of 2024, promising a substantial increase in revenue for the hotel operations in the following year. Furthermore, with seven additional hotels currently under construction, CLI is strategically positioning itself to further capitalize on the burgeoning opportunities within the hospitality sector.

Property Management

This included the project management fee that CLI charges for being the project manager on JV projects and the property management fee for CLI Property Management (CLIPMI) services provided to CLI's completed projects. During the year, the parent company's project management revenue reached ₱172.90 million, these are fees charged to CLI's JV companies for managing the development of the project. On the other hand, property management fees increased by 7% to ₱59.22 million, from ₱55.47 million in the same period last year, reflecting an increase in managed projects by the property arm.

COST OF SALES AND SERVICES

In line with the growth in revenue performance, the Company's cost of sales for the year ended December 31, 2023, was reported at ₱9.64 billion, a 15% y-o-y increase from ₱8.37 billion.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱2.78 billion, an 18% y-o-y increase from ₱2.37 billion of the same period in 2022. The increase was mainly driven by commissions and incentives which grew by 30% to ₱742.53 million in line with the increase in revenue from real estate sales and robust sales performance during the period.

The Company carefully balanced its debt mix of 65% fixed and 35% floating rates. Due to this, CLI is able to maintain its competitive rate of 6.36% despite an increase in benchmark rates. The stated rate, while being higher than the previous year, is nonetheless competitive when compared to current capital raising rates charged in the sector.

On October 7, 2022, CLI issued its inaugural fixed rate bonds with a total issue size of ₱5.00 billion across the following tenors:

- Series A with a tenor of 3.5 years with a fixed rate of 6.4222%
- Series B with a tenor of 5.5 years with a fixed rate of 6.9884%
- Series C with a tenor of 7 years with a fixed rate of 7.3649%.

The foregoing bonds comprised the first tranche of CLI's ₱15.00 billion shelf program for bonds. The purpose of the 2022 bonds was to raise funds to extend the debt maturity of the company and lock in rates to address any interest rate risk brought about by the challenging macro environment.

NIAT ATTRIBUTABLE TO NCI

For the year ended December 31, 2023, NIAT attributable to NCI increased substantially to ₱1,067.18 million from ₱437.00 million for the same period in 2022. This growth is due to increasing contributions from new JV projects such as The East Village T1-T4 (YHEST) in Davao, Calle 104 T1-T2 (BL RAMOS) in Cebu, and Costa Mira Beachtown Panglao in Bohol.

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2023 vs December 31, 2022

CLI's balance sheet remains strong and healthy to support construction and expansion plans. As of December 31, 2023, CLI reported total assets of ₱102.09 billion, an increase of 20% from ₱85.04 billion as of December 31, 2022 driven by progress in construction from sold units

ASSETS

36% decrease in Cash and Cash equivalents

Due to payments on loans such as Retail Bonds, Corporate Notes 1, and Project Term Loans as well as other payables to contractors and suppliers.

39% decrease in Receivables (including Non-Current Portion)

Declined from ₱3.68 billion to ₱2.25 billion due to collections from completed projects.

41% increase in Contract Assets (including Non-Current Portion)

Increased to ₱45.09 billion from ₱31.98 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

2% increase in Real Estate Inventory

Increased to ₱18.69 billion from ₱18.31 billion mainly due to increased building cost, new land acquisitions, and higher construction progress of the Company's projects.

88% decrease in Deposit on Land for Future Development

Declined from ₱130.00 million to ₱15.00 million mainly due to the transfer to raw land inventory.

36% increase in Due from Related Parties

Increased to ₱48.60 million from ₱35.80 million due to transactions paid by CLI (Parent) on behalf of its related parties.

52% increase in Prepayments and Other Current Assets

Increased to ₱6.43 billion from ₱4.24 billion due to advances to subcontractors and suppliers on newly awarded projects. Prior year figure was restated due to reclassification of certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets account due to its expected recognition as expense in the succeeding years

50% increase in Property and Equipment

Increased to ₱7.24 billion from ₱4.81 billion due to the construction of new offices and branches to support CLI's expanding developments.

3% decrease in Right of Use Asset

Declined from ₱1.17 billion to ₱1.13 billion due to amortization of high-value leasehold rights.

3% increase in Investment Properties

Increased to ₱18.33 billion from ₱17.75 billion attributed to ongoing construction of recurring income generating projects such as Masters Tower, Abaca Resort, Astra Corporate Center, and DGT.

30% increase in Other Non-Current Assets

Increased from ₱1,377 million to ₱1,789.96 million due to increase in advances to contractors.

LIABILITIES

18% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion) Increased to ₱47.14 billion from ₱39.99 billion due to new availments from project term loans.

21% Increase in Trade Payables (including Non-Current Portion) Increased to ₱22.97 billion from ₱19.04 billion due to accruals made on unbilled costs to match with revenue recognized.

25% decrease in Contract Liabilities Decreased from ₱598.36 million to ₱449.34 million due to an increase in collections from buyers coming from new project launches that are ahead of the stage of completion.

39% decrease in Income Tax Payable Decreased to ₱2.21 million from ₱3.65 million due to the accrual of income tax due for the period.

42% increase in Deferred Tax Liabilities - Net Increased to ₱4.32 billion from ₱3.03 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

22% increase in Parent Company's Retained Earnings Increased to ₱16.45 billion from ₱13.50 billion due to the Net income recognized during the period.

2022 COMPANY MILESTONES

CLI is the leading RED in Visayas and Mindanao currently located in 16 key cities.

In 2022, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao.

During the same year, it unveiled more of its mid and premier series as the economy gradually reopens. Sixteen projects were successfully launched and substantially sold out driving up the Company's reservations sales namely:

- a. Astra Corporate Center
- b. Casa Mira Dumaguete Ph2
- c. The East Village T1
- d. The East Village T2
- e. The East Village T3
- f. Velmiro Bohol Expansion Ph2
- g. Casa Mira South 4B.2
- h. The East Village T4
- i. DGT Lots Only
- j. Casa Mira Towers Palawan Ph1 (T1-T2)
- k. Ramos Tower at Calle 104
- l. The Ranudo Tower at Calle 104
- m. Casa Mira Homes | Danao
- n. Costa Mira Bohol
- o. Casa Mira Towers Bacolod T3
- p. Casa Mira Towers Palawan T3

CLI recorded a 14% hike in reservation sales y-o-y to ₱18.80 billion driven by a robust VisMin market. A high 73% of total sales were from newly launched developments with the rest coming from persistent demand for on-going projects.

The Company launched close to 5,000 units in 16 projects worth ₱28.40 billion in 2022 and were 74% sold by the end of the year. Sales velocity of these launches hit peak levels with most developments fully taken up within days.

CLI started the year with strong reservation sales by selling out all three towers of the first residential development in DGT in four days, generating a record ₱4.07 billion in sales. This validates DGT as the most anticipated premier township in Davao.

The first among many launches in 2022, the East Village at DGT is the first residential development in the township with over 2,000 residential unit offerings spread across the 6-tower vertical village.

The newly launched and sold-out three towers with a total of 1,087 units are scheduled for completion in Q3 2026.

Part of DGT's Phase 1 is the ₱700.00 million lifestyle mall called the DGT City Center that will be a landmark destination presenting an array of retail, restaurant and entertainment choices. It will feature dynamic, al fresco spaces, and lush indoor gardens offering worry-free strolling and shopping. To complement this is the ₱200.00 million DGT Cultural Center with showrooms, museum spaces, a theater, and function room which can hold up to 250 people.

In May 2022, CLI accelerated its expansion to Eastern Visayas with the launch of Casa Mira Homes Ormoc, a 685-unit subdivision project on a 9-ha. property. Casa Mira Homes Ormoc, to be completed in 2023, is the 11th Casa Mira development in VisMin.

On June 20, 2022, CLI disclosed the approval of its Board of Directors of the offer and issuance of peso-denominated fixed rate bonds with a principal amount of up to ₱5.00 billion and an oversubscription option of up to ₱3.00 billion (the "**Bonds**"). The Bonds are part of the up to ₱15.00 billion fixed rate bonds to be applied by the Company for shelf registration.

CLI intended to use the proceeds from the Bonds to support its growth plans, primarily by investing in markets where CLI's initial foray has exceeded expectations and continuing its strategic land banking activities.

Also in June 2022, during its 2022 Annual Stockholders Meeting, the Company set out its expansion plans, among the focal points are three townships now under development. On the road to creating a critical mass of residents is the 22-ha. DGT sold out in four days the first three towers of its first residential project The East Village at DGT. This prompted the launch of the fourth tower. Planning and development are likewise underway on the 14.3-ha. property in Cagayan de Oro acquired from Xavier University and envisioned to be a mixed-use university town. Reclamation works have also begun on the 100-ha. Minglanilla Techno Business Park in Cebu which is envisioned to be a regional growth center.

As part of the Company's commitment to provide quality and sustainable in-city vertical socialized housing, CLI turned over on June 29, 2022 the ₱115.00 million medium-rise building donated for the people of Cebu City. After less than 12 months of construction, 100 informal settler families now have a decent shelter. Walk-Up Sugbo 1 is a joint collaboration between CLI, the Cebu City Government, and the DHSUD and is designed to provide quality transition housing for informal settlers living in danger zones. It is the first of its kind of socialized housing development in VisMin and is one of the most generously appointed socialized housing buildings in the country.

At the same time, CLI, together with the Mandaue City Government and the DHSUD, signed an agreement and broke ground on the ₱100.00 million Tipolo Residences Building 4, a mid-rise socialized housing for the informal settlers and 2019 fire victims of Barangay Tipolo. Ninety identified beneficiaries joined the momentous occasion and shared their excitement for their future homes.

On July 19, 2022, Philippine Rating Services Corporation ("**PhilRatings**") assigned an Issue Credit Rating of PRS Aa plus, with a Stable Outlook, for CLI's proposed bond issuance. This is the initial tranche of the Company's new three-year Shelf Registration program amounting to ₱15.00 billion.

PhilRatings has also upgraded the Issue Credit Rating for CLI's outstanding Series A to C Corporate Notes worth ₱5.00 billion to PRS Aa plus, with a Stable Outlook, from PRS Aa.

On July 23, 2022, DGT was formally inaugurated, completing site development in just two years. After only two years of site development, YHEST Realty Development Corp., a JV between CLI and the Yuson, Huang, and Tan families of the prominent Villa-Abrile clan of Davao, officially inaugurated the 23-ha. DGT is envisioned to be Mindanao's most sustainable central business district. It also started to offer 27 township commercial lots for sale after completing the utilities and road networks of the property. The commercial lots for sale have a total area of 47,194 sq.m. and lot sizes range from 1,054 sq.m. to 3,446 sq.m.

DGT Phase 1 includes the township's first residential development The East Village at DGT, a commercial area and lifestyle mall DGT City Center (opening early 2024), and DGT Cultural Center (opening 2024).

In August 2022, the Company purchased a 17-ha. expansion site in Butuan City. This acquisition brought up the Company's total landbank to 116 has.

In September 2022, CLI sold out Calle 104, a two-tower upscale residential project in record three days. The sales of the ₱2.40 billion for Calle 104, which straddles Ramos and Ranudo Streets, is a popular address of prominent families in Cebu. The high-end project in Cebu is CLI's eighth

launch in 2022 across VisMin. Calle 104 is a JV project of CLI and Borrromeo Brothers Estate, Inc. under Cebu BL Ramos Ventures Inc. The upscale mixed-use development designed by Casas + Architects to be completed in Q4 2026 has two distinct towers connected by a retail podium with a gross floor area of 5,000 sq.m. of lifestyle options including restaurants, clothing, and essentials. A 2,300 sq.m. supermarket is located in the basement for the convenience of residents.

On September 22, 2022, CLI finalized the issue size of its maiden fixed rate Bonds offering, with an aggregate principal amount of ₱5.00 billion across three tenors. This initial issuance is the first from CLI's shelf registration of a ₱15.00 billion debt securities program to be utilized within three years. In a strong show of confidence in CLI, the Company's maiden retail bonds received strong demand from both institutional and retail investors, even as CLI priced at the lowest end of the initial spread range. Interest rates have been set for the 3.5Y Series A at 6.4222%, for the 5.5Y Series B at 6.9884%, and for the 7Y Series C at 7.3649%. The Company received its Permit to Sell from the SEC for its maiden retail bond Issuance on September 27, 2022.

On September 29, 2022, disclosed that in its first foray in Palawan, CLI sold in less than one week 85% of the first phase of an economic housing project in Puerto Princesa. Projected gross revenues from this seven-tower development is pegged at ₱6.00 billion, with phase one set for completion in Q4 2025. The first venture in Palawan was a success. It showed that there is indeed a broader market for the bestselling housing brand Casa Mira beyond VisMin, and that the CLI is gaining traction in new areas of expansion.

On October 7, 2022, CLI successfully listed its first fixed-rate bond offering at the PDEX. BPI Capital and Chinabank Capital have been appointed as joint issue managers, joint lead underwriters, and joint bookrunners. PNB Capital, RCBC Capital, and SB Capital Investment Corporation are co-lead underwriters.

CLI dominated the 10th PropertyGuru PPA bagging 12 accolades including the Best Developer (Visayas) and Best Developer (Mindanao) awards presented in an exclusive gala event. CLI was also given Special Recognition in ESG and in Sustainable Design and Construction.

List of Winners:

- Abaca Resort Mactan, Best Resort Development
- Costa Mira Beachtown Mactan, Best Waterfront Condo Development
- The East Village, Best Condo Development (Mindanao) and Best Condo Architectural Design
- Sofitel Cebu City, Best Hotel Architectural Design
- Terranza Residences, Best Condo Development (Visayas)

Highly Recommended:

- Astra Centre, Best Mixed-Use Development
- Sofitel Cebu City, Best Hotel Development

CLI, together with the Cebu City Government, officially opened a new F. Ramos Extension access road to vehicular traffic starting October 19, 2022.

The 200-meter F. Ramos Ext. access road provides a direct link between MP Yap and Llorente streets and provides an alternative access to and from Juana Osmena St. via Base Line Drive. This will help improve traffic flow and provide the community with an easier route to business establishments and lifestyle destinations around the area.

On October 28, 2022, CLI introduced a new immersive mountain resort in Balamban, Cebu. CLI further expands its growing leisure and hospitality portfolio with the 21 ha MagsPeak Mountain Resort and Villas. The 21-ha mountain estate in Magsaysay Peak in Balamban, Cebu, with an elevation of 800 meters is a JV between CLI and MagsPeak composed of Cebuano businessman and fellow Caminoans, Bob Gothong, Segundino Selma Jr., Richard Ray King, and Douglas Gacasan. It is designed to create a holistic mountain experience for Cebu with an outdoor, religious, and hospitality component, built with sustainability at its core. MagsPeak's offers a unique hospitality experience managed by CLI's Hospitality arm, CLI Hotels & Resorts. Opening in 2025, the resort comprises 13 exclusive mountain villas and 20 hotel rooms highlighting views of the Balamban mountain landscape and the western Cebu seascape. Guest stays will further be enhanced with a clubhouse, heated infinity pools, and a farm-to table restaurant. With sustainability integral to its development, MagsPeak showcases eco-friendly initiatives and outdoor programs such as hiking trails, camping facilities, and other child-friendly activities surrounded by nature.

With the Company's stellar performance and proven execution capability to adapt to the new normal surpassing pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.15 and ₱0.03 per share on March 20, 2023 with a total estimated amount of ₱623.00 million, a 21% increase from the ₱520.00 million paid to stockholders last year.

The recently declared dividends had a record date of April 18, 2023 and were paid on April 28, 2023.

REVIEW ON THE COMPANY'S RESULTS OF OPERATION

FY 2022 vs FY 2021

CLI recorded Normalized Net income to parent shareholders of ₱3.17 billion, an increase of 21% from ₱2.61 billion in 2021, the remainder after tax adjustments for the year were factored out. This generated an EPS of ₱0.92, a decrease of 12% y-o-y from ₱1.04 EPS in 2021. The significant increase is driven by the strong topline growth and fast economic recovery in the region.

REVENUES

CLI's topline grew significantly by 40% to ₱15.66 billion from 2021's ₱11.16 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱29.00 billion or 17% increase in unrecognized revenue for future recognition.

Real estate sales

Revenue from the sale of real estate recorded a 40% growth y-o-y to ₱15.44 billion from ₱11.00 billion in 2021. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for the largest share of revenues at 47%, followed by the Garden series with 27%, and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu remain outstanding, representing 42% of the total revenues, with Davao following at 19%, Iloilo at 12%, and CDO contributing 10%.

Premier Masters (Premier market), at ₱3.80 billion, increased by 47% y-o-y from ₱2.60 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo and Costa Mira Beach in Mactan.

Garden Series (Mid-market), at ₱4.20 billion, higher by 30% y-o-y from ₱3.20 billion, the biggest contributor was The East Village, the first residential project of CLI's DGT.

Casa Mira Series (Economic market), at ₱7.36 billion, grew by 43% y-o-y from ₱5.16 billion, driven by Casa Mira Ormoc, Casa Mira Homes Dumaguete and Casa Mira LPU in Davao.

In Q4 2022, the Company recorded a total consolidated revenue of ₱4.69 billion, a 34% increase versus the ₱3.50 billion in Q4 2021 and is also 34% higher quarter on quarter ("q-o-q") from the ₱3.51 billion that was reported on Q3 2022. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the company.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱83.42 million for the period ending December 31, 2022. Hotel revenue grew significantly by 71% with the reopening of local and international borders, reviving trade, and tourism.

Leasing

CLI's rental revenues improved by 7% posting ₱79.28 million in 2022 from ₱74.27 million in 2021. Growth driven by increased lease contracts and new tenants in the newly completed Latitude Corporate

Center. GLA decreased to 29,085 sq.m. from 29,133 sq.m due to conversion to office space (CLI's office expansion). As of December 31, 2022, rental occupancy rate is at 48%, an increase from 41% as of December 31, 2021.

Property Management

Revenue from property management fees is at ₱55.47 million, a 29% y-o-y increase from ₱42.97 million mainly from continuous turn-over of completed projects during the year — Casa Mira South Phase 1 and 2, Casa Mira Coast, Velmiro Uptown CDO, and Casa Mira Bacolod.

COST OF SALES AND SERVICES

The Company's cost of sales for the period ended December 31, 2022 amounted to ₱8.37 billion, an increase of 40% from ₱5.97 billion in line with the increase in revenue.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱2.37 billion, a 21% y-o-y increase from ₱1.95 billion mainly due to the increase in accounted commissions and incentives to ₱847.16 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives.

Salaries and employee benefits also grew by 20% to ₱532.69 million which aligns with the increase in the Group's manpower to 801 employees from 691 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱122.00 million in costs attributable to the purchase of the 17 hectares expansion site in Butuan.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱811.68 million with a higher average borrowing rate of 6.07%, an increase from the cost of borrowing reported in 2021 of 4.77%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2022 vs December 31, 2021

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2022, CLI's consolidated assets stood at ₱85.04 billion, a 28% y-o-y growth from ₱66.65 billion driven by the increase in contract assets, real estate inventories, and investment properties.

ASSETS

31% increase in Cash and Cash equivalents

Increased to ₱1.45 billion from ₱1.10 billion largely due to collections and higher take-outs deposited under Short-term placements.

39% decrease in Accounts receivable (including Non-Current Portion)

Decreased to ₱3.68 billion from ₱6.01 billion mainly due to collections from completed projects.

58% increase in Contract Assets (including Non-Current Portion)

Increased to ₱31.98 billion from ₱20.29 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

2% decrease in Real Estate Inventory

Slightly decreased to ₱18.31 billion from ₱18.71 billion due to decreased land development cost and raw land.

100% increase in Deposits on Land for Future Development (including Non-Current Portion)

Increased to ₱130.00 million and none from 2021 since fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion.

38% decrease in Due from Related Parties

Transactions paid by the Parent Company on behalf of its related parties decreased to ₱35.80 million from ₱57.43 million mainly from collections on subsidiary and affiliate businesses.

3% increase in Prepayments and Other Current Assets

Increased to ₱4.24 billion from ₱4.11 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions, and related input VAT on construction materials purchased.

1% decrease in Investments in Associates

Decreased to ₱133.56 million from ₱135.06 million mainly from the additional investment in Magspeak in 2021 amounting to ₱24.25 million. In 2022, only ₱8.00 million additional investment to ICOM.

426% increase in Property and Equipment – Net

Increased to ₱4.81 billion from ₱915.67 million mainly from the reclassification of investment property.

34% increase in Investment Properties – Net

Increased to ₱17.75 billion from ₱13.24 billion attributed to ongoing construction of investment properties, which include hospitality and commercial assets.

1% increase in Right-of-Use Asset and 10% increase in Lease Liabilities

Right-of-use asset and lease liability increased to ₱1.17 billion and ₱1.15 billion, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

LIABILITIES

25% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱39.99 billion from ₱32.02 billion mainly from new bank loans availed including proceeds from bonds issuance.

49% increase in Trade and other payables (including non-current portion)

Increased to ₱19.04 billion from ₱12.82 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

48% increase in Deferred Tax Liabilities

Increased to ₱3.03 billion from ₱2.05 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

0% increase in Additional Paid-In Capital

Increase of ₱2.00 million due to the exercise of ESOP, the Company issued 3,349,470 common shares with a par value of ₱1.00 or ₱3,349,470 to its qualified employees out of its treasury shares and recognized an additional paid-in capital amounting to ₱18.32 million from the transaction.

2% decrease in Treasury Shares

Decreased to ₱732.66 million from ₱748.17 million. In 2022, the Parent Company issued to its qualified officers 3,349,470 common shares out of its treasury shares in relation to the ESOP.

3% Increase in Revaluation Reserves

Increased to ₱13.91 million from ₱13.48 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

6% increase in NCI

Increased to ₱7.51 billion from ₱7.09 billion significantly from increased share in net profit in 2022 by ₱379.07 million.

2021 COMPANY MILESTONES

The Company is the leading RED in Visayas and Mindanao, currently located in 16 key cities.

In 2021, CLI continued to launch projects to strengthen its market leadership in Visayas and Mindanao. During the year, it has unveiled more of its mid and premier series as the economy gradually reopens. Ten projects were successfully launched and substantially sold out driving up the Company's reservation sales namely:

- a. Velmiro Heights CDO

- b. Casa Mira Tower Guadalupe Tower 3 in Cebu
- c. Mandtra residences Tower 1 in Cebu
- d. Casa Mira Ormoc
- e. Terranza residences in Iloilo
- f. Casa Mira South Phase 4A in Cebu
- g. Casa Mira South Phase 4B in Cebu
- h. Mandtra Residences Tower 3 in Cebu
- i. Costa Mira Beachtown Mactan Cebu
- j. Casa Mira Towers Bacolod

CLI recorded reservation sales of ₱16.52 billion for 2021, 16% more than 2020's ₱14.25 billion due to sustained demand for housing in its key markets by launching 3,865 units in 10 projects worth ₱18.00 billion, more than the eight projects launched in 2020 worth ₱11.50 billion.

CLI launched Masters Tower Cebu on February 19, 2021, with a target completion date of 2025. The project will include prime office and retail space as well as the Queen City of the South's first five-star luxury hotel. The Sofitel Cebu City will be managed by Accor, a global hotel company with headquarters in France. The construction, which is expected to cost ₱4.00 billion, would be built by EEI Corporation on a 2,840 sq.m. plot in Cebu Business Park, the city's preeminent central business area.

In March 2021, CLI signed a new ₱360.00 million JV focused on filling a rapidly rising demand for coliving spaces that deliver affordable, safe transient housing in Cebu for young professionals and students seeking quick access to strategic business centers. Named SPE, the partnership will kick off with a 7,500 sq.m. prime property along Banilad Road and is walking distance to the Cebu IT Park where many BPO firms are located. With renewed BPO interest in Cebu, areas like Banilad surrounding the BPO hubs have become highly in-demand. The mixed-use development will have retail spaces, over 300 dormitory rooms, and a self-storage facility. The project is to be completed by 2023 and primarily targets young professionals and students returning to work and schools, respectively.

In April 2021, CLI broke ground for Patria de Cebu, a new mixed-use development offering 21,000 sq.m. of gross floor area and a 182-room Mercure Hotel at the heart of downtown Cebu City's heritage trail. Patria de Cebu's redevelopment will offer 4,320 sq.m. of food, dining and entertainment spaces and 4,400 sq.m. of office space. The balance will be taken up by Mercure Cebu Downtown set to open in 2025 to be operated by French multinational chain Accor, a world leading hospitality group.

CLI's collaboration with the Archdiocese of Cebu covers the development and operation of the mixed-use project for 40 years.

In May 2021, CLI continued its partnership with BPI Investment Management, Inc.'s managed money market funds by entering into another notes facility agreement worth ₱3.00 billion. The facility was arranged by BPI Capital, which also arranged the initial ₱2.00 billion facility issued last October 2019.

CLI received PRA approval in June 2021 to reclaim and develop the 100-ha. Minglanilla techno business hub in Cebu. Following that, CLI increased its ownership share from 20% to 78% in order to streamline CLI's operations as the development's developer and project manager. During the year, PRA issued a Notice to Proceed for the reclamation. In October 2021, CLI broke ground to begin its development.

In July 2021, CLI revealed its very first resort development – the ₱2.50 billion Abaca Resort Mactan. The 125-room all-suite accommodation will feature stunning panoramic ocean views and will rise 17 stories high on a 4,500 sq.m. property formerly occupied by the multi-awarded Abaca Boutique Resort in Punta Engaño, Lapu-Lapu City, a tourism growth center. CLI purchased the property in 2019 and has signed up with The Abaca Group to continue operating the hotel and providing luxury experiences tailored for local and global tourists when it reopens. To design the resort, CLI tapped internationally renowned architectural firm Büro Ole Scheeren whose projects have won numerous global awards.

On July 14, 2021, CLI distributed 1,909,451,997 new common shares as stock dividends, or 123 new shares for every 100 existing shares. This resulted in an increase in outstanding common shares to 3,461,851,997.

In August 2021, CLI signed a Memorandum of Agreement to acquire 14.3 has of Xavier University – Ateneo de Cagayan's Manresa Property in uptown Cagayan de Oro. CLI's acquisition, named Manresa Town, will be developed with condominiums, dormitories, retail, and commercial spaces that will be an integral part to the master planned township of Xavier University Cagayan de Oro.

Proceeds that Xavier University will be receiving will be used to develop the new Xavier University Masterson Campus, which at 21 will be three times larger in area than the current campus. Provisions in the agreement prepared by Xavier University and endorsed by Jesuit leaderships in the Philippines and in Rome were approved by the Vatican after a thorough two-year review process. The new 21-ha Xavier University Masterson Campus is envisioned to catalyze development in Northern Mindanao with a Sustainable and New Normal-ready Campus Masterplan. The masterplan of the Xavier University Masterson Campus will blend seamlessly with the adjacent Manresa Town to be developed by CLI, a 14.3-ha mixed-use university town that provides Xavier University students convenient and safe residential options, easy access to commercial establishments and future-ready offices.

In December 2021, CLI and Borromeo Brothers Estate Inc. inaugurated the ₱1.20 billion 4-Star BERDE-certified commercial tower Latitude Corporate Center, increasing CLI's office GLA to over 29,000 sq.m. from 14,000 sq.m. y-o-y. The hybrid office building standing 24-stories high with designated spaces for BPO offices (eighth – 12th floors), Enterprise offices (14th – 16th floors), Executive offices (17th-24th floors) and a retail concept (first and second floors) is strategically located in Cebu Business Park and is among the tallest buildings in the business district. The development was awarded early in 2023 with a four-star accreditation under the BERDE rating system, a testament to its sustainable design tailor fit to world class standards.

During the ninth PropertyGuru PPA, CLI was awarded as the Best Developer for Visayas and Mindanao along with nine other special awards from its portfolio of innovative, and market-resonant projects spread across the archipelago, such as Casa Mira Towers Mandaue, DGT, MesaVirre Garden Residences, One Paragon Place, Patria de Cebu, Radisson Red, and Velmiro Uptown CDO.

With the Company's stellar performance and proven execution capability to adapt to the new normal translating to a resumption of pre-pandemic growth and income levels, the Board deemed it fit to declare a regular and special cash dividend of ₱0.112 and ₱0.038 per share on March 15, 2022 with a total estimated amount ₱519.20 million, a 33.6% increase from the ₱388.75 million paid to stockholders last year. The recently declared dividends had a record date of April 22, 2022 and were paid on May 17, 2022.

REVIEW OF THE COMPANY'S RESULTS OF OPERATION

FY 2021 vs. FY 2020

CLI recorded net income to parent shareholders of ₱2.61 billion, an increase of 42% from ₱1.85 billion in 2020. The significant increase was driven by the strong topline growth and one-time tax adjustment amounting to ₱293.50 million brought about by the implementation of CREATE Act.

As a result of the application of CREATE Act, lowering RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return of the Parent Company and the subsidiaries, was lower by ₱11.81 million than the amount presented in the 2020 AFS and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was re-measured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by ₱280.80 million and such was recognized in the 2021 profit or loss and in other comprehensive income.

EPS in 2021 was ₱1.04 computed as net income attributable to CLI shareholders amounting to ₱2.61 billion divided by weighted average number of shares of 2,507,833,165, while EPS in 2020 was ₱1.15 computed as net income ₱1.85 billion divided by weighted average number of shares of 1,605,279,067.

CLI distributed stock dividends in July 2021 of 123 shares per 100 shares or 123%.

REVENUES

CLI's topline grew by 35% to ₱11.16 billion from 2020's ₱8.30 billion driven by significant construction accomplishments coupled by robust sales and collections, which have further resulted in a ₱25.00 billion or 23% increase in unrecognized revenue for future recognition.

Real estate sales

Revenue from the sale of real estate recorded a 35% growth y-o-y to ₱11.00 billion from ₱8.15 billion in 2020. The high growth was driven by significant construction progress and more accounts qualifying for revenue recognition from continued collections. By the end of the year, construction

was in full swing across all project sites in 16 key cities in VisMin with catch-up measures in place to compensate for delays caused by quarantine restrictions.

Casa Mira accounted for 44% of revenues, followed by the Garden series with 30% and Premier Masters with 24%. The mix of revenue recorded during the year was brought about by the strong Casa

Mira sales during the height of the pandemic in 2020. In terms of location, CLI's operations in Cebu represent 55% of the total revenues, followed by CDO with 11% with Davao and Iloilo both contributing 10%.

Premier Masters (Premier market), at ₱2.60 billion, increased by 17% y-o-y from ₱2.20 billion driven by the new revenue qualifications and accomplishments from Terranza residences in Iloilo.

Garden Series (Mid-market), at ₱3.20 billion, higher by 7% y-o-y from ₱3.00 billion, driven by Mandtra Residences, Velmiro Plains Bacolod, and Velmiro Heights CDO.

Casa Mira Series (Economic market), at ₱5.16 billion, grew by 93% y-o-y from ₱2.67 billion, mainly from newly launched projects during the year: Casa Mira LPU in Davao and Casa Mira Iloilo.

In Q4 2021, the Company recorded a total consolidated revenue of ₱3.50 billion, a 35% increase versus the ₱2.60 billion in Q4 2020 and is 39% higher q-o-q from the ₱2.50 billion that was reported on Q3 2021. The strong performance during the fourth quarter was driven by the increase in real estate revenue due as construction is now in full swing in the various development sites of the Company.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted revenues of ₱48.68 million for the period ending December 31, 2021. The hotel revenues were driven from BPO companies that housed their employees during the lockdown.

Leasing

The Company offered rental concessions and holidays to support local businesses during lockdown, increasing its rental revenue by 34% y-o-y to ₱74.27 million from ₱55.24 million. GLA doubled to 29,000 sq.m. from 14,536 sq.m. due to the turnover of Latitude Corporate Center.

Property Management

Revenue from property management fees is at ₱42.97 million, a slight increase from ₱42.59 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

COST OF SALES AND SERVICES

The Company's cost of sales for the period ended December 31, 2021 amounted to ₱5.97 billion, an increase of 39% from ₱4.28 billion in line with the increase in revenue.

OPERATING EXPENSES

Total operating expenses during the year amounted to ₱1.95 billion, a 54% y-o-y increase from ₱1.27 billion mainly due to the increase in accounted commissions and incentives to ₱725.00 million caused by the implementation of PFRS 15, which required the accrual of the said commissions and incentives. Salaries and employee benefits also grew by 22% to ₱450.64 million which aligns with the increase in the Group's manpower to 691 employees from 574 employees to support CLI's expansions across VisMin. During the year, the Company also spent ₱100.00 million in costs attributable to the purchase of the 14.3 has that will be integrated into the Xavier University Masterson Campus.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱571.47 million with a lower average borrowing rate of 4.75%, an improvement from the cost of borrowing reported in 2020 of 4.96%. The borrowing cost represents the interest on bank loans and corporate notes to fund the Company's project developments that are recognized as period costs and expenses.

OTHER INCOME/EXPENSE

The Company's other operating income likewise increased to ₱257.23 million from ₱68.60 million due to water revenue from the CLI's managed projects and an increase of administrative fees charged to the customers. Moreover, there is also a ₱129.00 million provision for loss on typhoon due to the recent Typhoon ODETTE that affected some of the projects of the company. This caused a substantial increase in the other gains and losses of the company during 2021.

NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2021, NIAT attributable to NCI stood at ₱57.93 million, 75% y-o-y decline from ₱229.61 million, due to the minimal incremental sales and percentage of completion ("POC") on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR) and Latitude Corporate Center (BLCBP); and as MesaTierra Garden Residences (YES Inc.).

REVIEW OF THE COMPANY'S FINANCIAL CONDITION

As of December 31, 2021 vs. December 31, 2020

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2021, CLI's consolidated assets stood at ₱66.65 billion, a 33% y-o-y growth to ₱66.65 billion from ₱50.09 billion driven by the increase in contract assets, real estate inventories, and investment properties.

ASSETS

37% increase in Cash and Cash Equivalents

Increased to ₱1.10 billion from ₱797.18 million largely due to collections and higher take-outs deposited under short-term placements.

2% decrease in Accounts Receivable (including Non-Current Portion)

Decreased to ₱6.01 billion from ₱6.14 billion mainly due to collections from completed projects.

46% increase in Contract Assets (including Non-Current Portion)

Increased to ₱20.29 billion from ₱13.86 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

100% decrease in Deposits on Land for Future Development (including Non-Current Portion)

Balance zeroed out from ₱699.77 million as fully paid land purchases were reclassified to raw land inventory amounting to ₱1.08 billion. Additional deposits on land for the year amount to ₱376.33 million.

40% increase in Real Estate Inventory

Increased to ₱18.71 billion from ₱13.40 billion driven by inventory on newly projects launched during the year, inventory on projects under construction becoming more valuable as building progress is achieved, and reclassification of investment properties worth a total of ₱1.85 billion to real estate inventories as well as fully paid raw land worth ₱1.08 billion from deposits on land to real estate inventories.

162% increase in Due from Related Parties

Transactions paid by the Company on behalf of its related parties increased to ₱57.43 million from ₱21.95 million mainly from cash advances to subsidiary and affiliate businesses.

36% increase in Prepayments and Other Current Assets

Increased to ₱4.114 billion from ₱3.02 billion coming from downpayments and advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased

4% increase in Investment in Associates

Increased to ₱135.06 million from ₱129.85 million mainly from investment to ICOM and Magspeak during the year amounting to ₱110.82 million and ₱24.25 million respectively.

42% increase in Property and Equipment – Net

Increased to ₱ 915.67 million from ₱643.39 million with the construction of new offices and branches to support CLI's expanding developments.

21% increase in Right-of-Use Asset

Right-of-use assets increased due to the recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office and Patria during the year.

31% increase in Investment Properties – Net

Increased to ₱13.24 billion from ₱10.09 billion attributed to ongoing construction of the Company's investment properties, which include its hospitality and commercial assets.

7% decrease in Other Non-Current Assets – Net

Decrease in this account is attributed to the recoupment on the advances and down payments made by the company to its contractors after progress construction have been made on the corresponding projects.

LIABILITIES

35% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱32.02 billion from ₱23.79 billion mainly from the ₱11.48 billion new bank loans during the year.

71% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱12.82 billion from ₱7.48 billion mainly represent accrued cost of sales to match revenue recognition, outstanding obligations to owners of parcels of land acquired, subcontractors, and suppliers of construction materials.

13% increase in Contract Liabilities

Increased to ₱604.25 million from ₱532.65 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

54% decrease in Customer deposits

Due to the lower amount of advance reservation fees that were not recognized during the same period.

35% Increase in Lease Liabilities

Due to a new 22-year lease contract entered by the company in Banilad Cebu City for Banilad high street project.

93% decrease in Income Tax Payable

After the income tax set up for the prior period was paid.

665% increase in Post employment defined benefit obligation Due to the additional funds set aside for the plan.

21% increase in Deferred Tax Liabilities – Net

Increased to ₱2.05 billion from ₱1.69 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

111% increase in Capital Stock

Due to the declaration of stock dividends amounting to 1,909,451,997 common shares with a par value of ₱1.00 or ₱1.90 billion as approved by the PSE on July 6, 2021.

2% increase in Treasury Shares

From the Board-approved buyback program in 2020, CLI reacquired 2,599,600 shares of its common stock in 2021 for ₱15.32 million and presented them as Treasury Stock in the consolidated statement of financial position.

5% increase in Revaluation reserves

Increased to ₱13.48 million from ₱12.88 million due to increase in estimated loss on remeasurement of post-employment defined benefit obligation.

5% increase in Retained Earnings

Attributable to the net income recognized during the period.

3% increase in NCI

Increased to ₱7.09 billion from ₱6.90 billion significantly from additional paid-in capital during the year to CLI-LITE amount to ₱252.73 million. Also, MGR declared total cash dividends of ₱160.00 million of which ₱88.00 million is payable to non-controlling shareholders.

FY 2020 vs. FY 2019

For the period ending December 31, 2020, the Company's NIAT was at ₱1.85 billion, a slight decline of 8% y-o-y from ₱2.01 billion. The decline in the Company's bottom line numbers was due to the stringent lockdown measures imposed by the government during the period. This translates to an EPS of ₱1.15.

CLI bounced back and posted a strong financial growth as restrictions eased during the second half of 2020. The Company's consolidated NIAT during the second half of the year was at ₱1.16 billion, 26% higher as compared to the first half. CLI's NIAT during the second half of 2020, on the other hand, was at ₱1.05 billion, 33% higher than the first half.

REVENUES

For the period ending December 31, 2020, CLI generated consolidated revenue of ₱8.30 billion, a slight decline of 2% y-o-y from ₱8.50 billion. In the fourth quarter of the period, consolidated revenue registered at ₱2.59 billion, 18% growth from ₱2.20 billion in the third quarter of 2020, as travel restrictions ease and as operations and construction recuperate.

Real estate sales

Revenue from sale of real estate reached ₱8.15 billion, a 3% y-o-y slight decline from ₱8.39 billion in 2019, driven by Garden Series (36%), followed by Casa Mira Series (32%) and Premier Masters (27%).

In the same period of 2019, Garden Series generated 37% of the total revenues, followed by Casa Mira (30%) and Premier Masters (30%). In terms of location, CLI's presence in Cebu remains strong, representing 52% of the total revenues, followed by CDO (16%) and Bacolod (11%), for both periods ending December 31, 2020.

Premier Masters (Premier market), at ₱2.22 billion, declined by 13% y-o-y from ₱2.54 billion, with the construction slowdown of 38 Park Avenue due to the pandemic.

Garden Series (Mid-market), at ₱2.99 billion, slightly declined by 6% y-o-y from ₱3.12 billion, driven by Mivela Garden Residences, Velmiro Plains Bacolod, and the recently launched, Velmiro Greens Bohol.

Casa Mira Series (Economic market), at ₱2.67 billion, grew by 6% y-o-y from ₱2.51 billion, mainly from newly launched projects during the year: Casa Mira Iloilo and Casa Mira South Phase 3B.

During the second half of 2020, CLI posted a 38% growth as compared to the first half. The robust growth was driven by the easement of quarantine across VisMin sites increasing construction efficiency to 90% from 70% in the second quarter. Collections on the other hand has also improved with more accounts qualifying for revenue recognition in the last two quarters.

Hotel operations

Launched on September 14, 2019, Citadines Cebu City posted ₱54.56 million for the period ending December 31, 2020. With hotel revenues driven from BPO companies that housed their employees during the lockdown.

Leasing

The Company offered rental concessions and holidays to support local businesses during lockdown decreasing its rental revenue by 13% y-o-y to ₱55.24 million from ₱63.16 million. GLA increases by 2% y-o-y to 14,536 sq.m. from 14,296 sq.m. with the completion of retail spaces in residential projects. As of December 31, 2020, rental occupancy rate is at 79%, a minor decline from 82% as of December 31, 2019.

Property Management

Revenue from property management fees is at ₱42.59 million, 16% y-o-y increase from ₱36.84 million mainly from continuous turn-over of completed projects during the year – Casa Mira South Phase 1 and 2, MesaVerte Residences, and Mivesa Garden Residences Phase 3.

COST OF SALES

The Company's cost of sales for the period ended December 31, 2020 was at ₱4.28 billion, from ₱4.30 billion in line with the slim decrease in revenue.

OPERATING EXPENSES

Total operating expenses during the period amounted to ₱1.27 billion, 11% y-o-y increase from ₱1.15 billion mainly from an increase in commissions and incentives to ₱429.73 million with the implementation of PFRS 15. Salaries and employee benefits also grew by 18% to ₱367.04 million due to an increase in the Group's manpower to 574 employees from 475 employees to support CLI's expansions across VisMin. Despite the digitalization of the Company's sales and marketing, other operating expenses likewise increased as the Company implemented and heightened safety and health protocols in the workplace.

INTEREST EXPENSE

During the year, borrowing costs amounted to ₱460.13 million with average borrowing rate of 4.96% representing the costs on bank loans and corporate notes to fund the Company's project developments. This includes the ₱8.00 billion corporate notes issued during the year.

OTHER INCOME/ EXPENSE

The company's other operating income likewise increased to ₱68.60 million from ₱53.13 million due an increase in administrative fees charged to the customers. During the year, the company has also recognized a decline in other gains and losses from ₱120.12 million to ₱38.00 million due to the booked forex loss on the settlement of payables denominated in foreign currency.

NIAT ATTRIBUTABLE TO NCI

For the period ended December 31, 2020, NIAT attributable to NCI stood at ₱229.61 million, 46% y-o-y decline from ₱425.65 million, due to the minimal incremental sales and POC on existing JV projects due to the completion and ongoing turn-over of Mivesa Garden Residences Phase 3 (MGR) and Latitude Corporate Center (BLCBP).

As of December 31, 2020 vs. December 31, 2019

CLI's balance sheet remained solid and healthy to support construction and expansion plans. As of December 31, 2020, CLI's consolidated assets reported a 31% y-o-y growth to ₱50.09 billion from ₱38.28 billion driven by the increase in contract assets and investment properties.

ASSETS

13% decrease in Cash and Cash Equivalents

Decreased to ₱797.18 million from ₱917.17 million due to additional safety and health equipment, rapid testing, and donations to aid the Company's customers, employees, and community during COVID.

5% increase in Accounts Receivable (including Non-Current Portion)

Increased to ₱6.14 billion from ₱5.88 billion mainly due to reclassification of customer's outstanding receivable on fully completed units in Mivesa Garden Residences, Latitude, and Villa Casita North from contract assets to accounts receivable.

56% increase in Contract Assets (including Non-Current Portion)

Increased to ₱13.86 billion from ₱8.89 billion mainly from installment contracts on existing and newly launched projects during the year that continue to recognize real estate sales revenue as construction progresses.

46% decrease in Deposits on Land for Future Development (including Non-Current Portion)

Decreased to ₱699.77 million from ₱1.29 billion as fully paid land purchases were reclassified to raw land inventory. Additional deposits on land for the year amount to ₱868.10 million.

42% increase in Real Estate Inventory

Increased to ₱13.40 billion from ₱9.45 billion driven by unsold inventory on newly projects launched during the year and ₱1.46 billion fully paid raw land reclassified from deposits on land to real estate inventory.

121% increase in Due from Related Parties

Transactions paid by CLI on behalf of its related parties increased to ₱21.95 million from ₱9.95 million mainly from cash advances to shareholders, entities under common ownership, and associates.

33% increase in Prepayments and Other Current Assets

Increased to ₱3.02 billion from ₱2.27 billion coming from advances to suppliers and subcontractors; prepaid commissions and related input VAT on construction materials purchased.

693% increase in Investment in Associates

Increased to ₱129.85 million from ₱16.38 million mainly from investment to ICOM during the year amounting to ₱96.40 million.

81% increase in Property and Equipment – Net

Increased to ₱ 643.39 million from ₱355.12 million with the construction of new offices and branches to support CLI's expanding developments.

444% increase in Right-of-Use Asset and 495% increase in Lease Liabilities

Right-of-use asset and lease liability increased to ₱950.90 million and ₱834.73 million, respectively, with recognition of the high-value leasehold rights acquired on the 43-year land lease for Cebu Business Park Office during the year.

13% increase in Investment Properties – Net

Increased to ₱10.09 billion from ₱8.90 billion attributed to ongoing construction on recurring income projects and businesses.

162% increase in Other Non-Current Assets

Increase in this account is attributed to the advances and down payments made by the company to its contractors for the construction packages made for the company's projects.

LIABILITIES

41% increase in Interest-Bearing Loans and Borrowings (including Non-Current Portion)

Increased to ₱23.79 billion from ₱16.85 billion mainly from the ₱8.00 billion Corporate Notes issued during the year.

29% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱7.48 billion from ₱5.78 billion representing outstanding obligations to subcontractors and suppliers of construction materials.

27% increase in Contract Liabilities

Increased to ₱532.65 million from ₱418.97 million due to increase in collections from buyers with units that have a relatively lower stage of progress completion versus the amount paid.

495% Increase in Lease Liabilities

Due to new lease contracts of the company which are 1) 43-year lease contract entered by the company for a property in Cebu Business Park to develop Masters tower project and 2) 40-year lease contract entered by CLI with the Archdiocese of Cebu for a property in Colon, Cebu called Patria de Cebu.

50% increase in Deferred Tax Liabilities

Increased to ₱1.69 billion from ₱1.12 billion due to additional recognized tax liability on taxable temporary differences.

EQUITY

196% increase in Treasury Shares

On March 27, 2020, the Board of Directors of CLI approved an additional ₱500.00 million stock buyback program to support CLI's stock price and take advantage of the current low valuation for the next two years. Treasury shares purchased during the period amount to ₱485.66 million.

96% increase in Revaluation Reserves

Increased to ₱12.88 million from ₱6.59 million due to an increase in estimated loss on remeasurement of post-employment defined benefit obligation.

31% increase in Retained Earnings

Due to the Net income recognized during the period.

14% increase in NCI

Increased to ₱6.90 billion from ₱6.06 billion due to the additional paid-in capital during the year to fund JVs, CHDI, Cebu BL Ramos Ventures, and GGTT.

FY 2019 vs. FY 2018

CLI posted a consolidated NIAT growth of 12%, from ₱2.17 billion to ₱2.44 billion. CLI's NIAT likewise increased to ₱2.01 billion, solid earnings growth of 17% y-o-y as compared to the ₱1.67 billion in 2018. The favorable result is driven from the construction progress of the following ongoing projects: MesaVirre Garden Residences in Bacolod, Velmiro Uptown in CDO, 38 Park Avenue and Casa Mira South in Cebu, and MesaTierra Garden Residences in Davao.

For 2019, CLI registered an EPS of ₱1.21 per share, a notable 23% increase from the ₱0.98 EPS in 2018.

REVENUES

For the period ending December 31, 2019, total consolidated revenues reached ₱8.50 billion, 26% higher than from ₱6.76 billion reported y-o-y. The growth was mainly driven by its Garden Series, a mid-market segment, representing 37% of revenue, 30% for Premier Masters, a high-end segment, and 30% for Casa Mira, an economic housing segment. In 2018, Garden series represented 45% of the total revenue, 28% from Casa Mira Series and 19% from Premier Masters.

In 2019, 38 Park Avenue, a high-end segment project in Cebu, posted the highest revenue growth in 2019, followed by Casa Mira South, an economic housing project, and MesaVirre Garden Residences and Velmiro Uptown CDO, both mid-market projects.

In terms of location, the CLI's real estate revenue presence in Cebu remains strong representing 56% of the total revenues, followed by CDO's revenue of 14% and Bacolod of 12%. In 2018, Cebu's real estate revenue generated 64% of the total revenues, while Davao and CDO posted significant contributions of 12% and 11%, respectively. The Company expects to grow the revenue contribution of its expansion areas such as Iloilo, Davao, Bohol, and Puerto Princesa in 2020.

The rental revenue grew by 10% y-o-y to ₱63.16 million from ₱57.48 million. This was attributable to the Company's 60% increase in GLA to 14,296 sq.m. with the recent turnover of Base Line Retail (5,216 sq.m. GLA), Base Line HQ (1,721 sq.m. GLA) and Casa Mira Towers Labangon (1,124 sq.m. GLA) in Cebu.

COST OF SALES

CLI reported a total cost of sales of ₱4.30 billion in 2019, a 37% y-o-y increase from the prior year of ₱3.14 billion. The increase was in line with the growth of the Company's revenue.

OPERATING EXPENSES

Total operating expenses for the year amounted to ₱1.15 billion, a 28% increase from ₱893.89 million in 2018 to support the Company's expansion. The increase was primarily attributed to higher commissions and incentives and transfer taxes which resulted from the stronger sales performance as 13 projects were launched during the year. Salaries and employee benefits posted 40% growth due to increased manpower to support the CLI's increase in operations.

INTEREST EXPENSES

Borrowing costs, both booked as cost of real estate sale and outright expense, for the year decreased from ₱176.95 million to ₱169.53 million due to interest cost savings during 2019. Total interest cost capitalized as real estate inventory amounted to ₱802.55 million, from ₱242.24 million y-o-y, as more debt was availed in 2019 to support the Company's planned capital expenditures including land banking initiative and project development. This included the ₱2.00 billion corporate notes issued in 2019 and ₱5.00 billion corporate notes issued in 2018.

OTHER INCOME/ EXPENSE

The Company's other operating income likewise increased to ₱53.13 million from ₱33.50 million due to an increase in administrative fees charged to the customers. During the year, the company has also recognized an increase in other gains and losses from loss of ₱26.00 million to a gain of ₱120.00 million due to the booked forex gain on the settlement of payables denominated in foreign currency.

Furthermore, the company has recognized an increase in tax expense of 69% from ₱439.00 million to ₱743.56 million attributable to the increase in taxable net income.

As of December 31, 2019 vs December 31, 2018

CLI's balance sheet continues to be solidly positioned to support the Company's growth plans. As of December 31, 2019, the Company reported ₱38.28 billion in total assets, a 51% growth from ₱25.43 billion as of December 31, 2018. This is driven by the increased volume of customer receivables due to increase in real estate reservation sales and revenue.

ASSETS

3% decrease in Cash and Cash Equivalents

Declined to ₱917.17 million from ₱949.16 million due to increase in cash outflows for purchase of land and payment to project suppliers and contractors during the year.

45% increase in Receivables (including Non-Current Portion)

Increased to ₱5.88 billion from ₱4.04 billion is in line with increase in real estate reservation sales and revenues as construction progress of the units sold are moved to receivables accounts.

63% increase in Contract Assets (including Non-Current Portion)

Increased to ₱8.89 billion from ₱5.44 billion is in line with increase in real estate reservation sales and revenues as progress in construction of sold units. Contract assets are yet to be due once projects are fully completed.

27% decrease in Deposit on Land for Future Development (including Non-Current Portion)

Decreased to ₱1.29 billion from ₱1.75 billion due to increased project developments during 2019.

51% increase in Real Estate Inventory

This refers to the cost of land and development costs of real estate properties that are being developed, and those that are already available for sale. The increase to ₱9.45 billion from ₱6.26 billion is due to progress in construction of ongoing projects.

53% decrease in Due from Related Parties Transactions paid by CLI on behalf of its subsidiaries and affiliates decreased to ₱9.95 million from ₱21.15 million as of December 31, 2018.

162% increase in Prepayments and Other Current Assets

Increased to ₱2.27 billion from ₱864.14 million is due to prepayments and input VAT to owner supplied materials to support 38 projects in construction in 2019 versus 24 projects in 2018.

46% increase in Investments in Associates

Increased to ₱16.38 million from ₱11.21 million significantly due to incorporation of new JVs and affiliates, such as CHDI, YHESPH, and TWDC, during the year.

9% increase in Property and Equipment – Net

Increased to ₱355.12 billion from ₱326.00 billion is attributable to office expansion of the company to support the increasing manpower and operations.

100% increase in Right-of-Use Asset

Recognition of right-of-use assets from the leasehold rights acquired on leased units classified as finance lease due to implementation of PFRS 16, *Leases*, starting January 1, 2019.

56% increase in Investment Properties – Net

Increased to ₱8.90 billion from ₱5.70 billion is attributable to the ongoing construction progress of properties held to earn rental income and/or for capital appreciation.

100% increase in Fair Value of Plan Assets – net

Recognition of plan assets – net of liability due to plan contributions exceeding the present value of retirement obligation.

99% increase in Other Non-Current Assets – Net

Increased to ₱128.87 million from ₱64.66 million due to additional purchase of computer software and long-term deposits with suppliers.

LIABILITIES

58% increase in Interest Bearing Loans (including Non-Current Portion)

Increased to ₱16.85 billion from ₱10.64 billion due to new loan availments made during the year to fund the Company’s ongoing projects in construction.

141% increase in Trade and Other Payables (including Non-Current Portion)

Increased to ₱5.78 billion from ₱2.40 billion due to increase in payables and accruals to various suppliers and contractors arising from the increased volume of projects in construction.

9% decrease in Contract Liabilities

Decreased to ₱418.97 million from ₱458.00 million due to increase in progress completion of units relative to the amount paid by buyers.

347% increase in Customer Deposit

Due to the increase in collections from buyers where the revenue criteria for sales recognition have not been met. Increased to ₱191.04 million from ₱43.00 million is in line with increase in reservation sales and project launches during the year.

68% increase in Income Tax Payable Increased to ₱29.73 million from ₱17.73 million due to the higher taxable income.

100% decrease in Post Employment Defined Benefit Obligation Due to availment of the benefit.

109% increase in Deferred Tax Liabilities – Net

Increased to ₱1.12 billion from ₱537.04 million due to increase in recognized tax liability on taxable temporary difference in net income.

EQUITY

16% increase in Treasury Shares

Increased to ₱247.19 million from ₱212.46 million due to the 8.32 million shares repurchased during the year in relation to its share buy-back program.

47% decrease in Revaluation Reserve

Decreased to ₱6.59 million from ₱12.43 million due to the other comprehensive income remeasurements of post-employment defined benefit plans. This is in line with the decrease in postemployment defined benefit liabilities.

57% increase in Retained Earnings

Increased to ₱4.62 billion from ₱2.94 billion due to the accumulation of earnings for the year after reducing the ₱332.59 million dividends paid in 2019.

15% increase in NCI

Increased to ₱6.06 billion from ₱5.28 billion is significantly due to incorporation of new JVs and affiliates investments during the year.

KEY PERFORMANCE INDICATORS

CLI uses a range of financial and operational KPIs to help measure and manage its performance. These KPIs reflect the Company’s continuous focus on efficiency, cost control and profitability across all its operations.

Management considers the following as KPIs:

	2019	2020	2021	2022	2023
Gross Profit Margin ¹	49%	48%	46%	47%	49%
Net Income Margin ²	29%	25%	24%	23%	25%
EBITDA ³	₱3.38 billion	₱3.29 billion	₱3.71 billion	₱5.63 billion	₱ 8.03 billion

EBITDA Margin ⁴	40%	40%	33%	36%	43%
Interest Coverage Ratio ⁵	6.52	4.69	3.94	5.23	4.34
Return on Average Assets ⁶	8%	5%	5%	5%	5%
Return on Average Equity (Parent) ⁷	29%	23%	27%	26%	24%
Return on Average Equity (Consolidated) ⁷	19%	14%	16%	19%	20%
Current Ratio ⁸	2.56	2.41	1.67	1.61	1.55
Net Debt-to-Equity Ratio ⁹	1.16	1.48	1.72	1.84	1.79
Debt-to-Equity Ratio ¹⁰	1.23	1.53	1.79	1.90	1.83

1. *Gross Profit Margin is gross profit as a percentage of revenues.*
2. *Net Income Margin is consolidated net income as a percentage of revenues.*
3. *EBITDA is defined as earnings before interest, tax, depreciation, and amortization from continuing operations, and before exceptional items. Please see table below for EBITDA calculation.*
4. *EBITDA margin is EBITDA as a percentage of revenues based on the EBITDA calculation below.*
5. *Interest Coverage ratio is the sum of EBITDA, cash, and cash equivalents divided by interest incurred. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.*
6. *Return on Average Assets is net income as a percentage of the average assets as at year-end and assets as at end of the immediately preceding year.*
7. *Return on Average Equity is net income as a percentage of the average of the equity as at year-end and equity as at end of the immediately preceding year.*
8. *Current Ratio is current assets divided by current liabilities.*
9. *Net Debt-to-Equity Ratio is interest-bearing debt (loans, borrowings and bonds payable) less cash and cash equivalents over total consolidated equity.*
10. *Debt-to-Equity Ratio is interest-bearing debts (loans, borrowings and bonds payable) divided by total consolidated equity.*
11. *Return on Assets is net income* as a percentage of assets.*

Below is the reconciliation of "Consolidated Net Income" to "EBITDA".

	December 31, 2023			
	2023	2022	2021	2020
Consolidated net income	4,643,019,638	3,607,891,146	2,670,871,617	2,075,727,321
Interest expense	1,639,922,780	693,032,860	488,104,403	396,768,272
Tax expense	1,556,175,019	1,159,713,237	432,719,044	715,853,587
Depreciation and amortization	186,911,153	170,626,662	121,798,863	104,119,622
EBITDA	8,026,028,590	5,631,263,905	3,713,493,927	3,292,468,802

The Company's Gross Profit Margin is dependent on the mix of revenue during the period. For the year 2023, CLI's Gross Profit Margin up to 49%, this is due to the higher contribution of premier projects which generated higher margins (63%) compared to only 43% in 2022. Additionally, recurring projects posted lesser revenue contributions during the year, these projects have Gross Profit Margins with over 50% to 60%. Meanwhile, Net Income Margin remains healthy at 25%.

For the year ended December 31, 2023, all other ratios remain healthy with Return on Assets at 5% and Return on Equity (Parent) at 24%. Net Debt to Equity ratio improved to 1.79x from 1.84x because of capital infusions attributed to JV projects. The Company's current ratio projects ample liquidity at 1.55x.

Management together with key officers continue to effectively handle their respective operations and financial requirements despite the pandemic. As a result, CLI's financial position remains liquid and strong.

KPIS; CERTAIN FINANCIAL RATIOS

The existing notes facility agreements to which CLI is a party require that it should comply with certain financial ratios, with testing to be done on an annual basis and using CLI's year-end audited

consolidated financial statements. The table below reflects the covenants under such notes facility agreements.

Financial Ratios (Consolidated)	Relevant Definitions	Required Ratios under Notes Facility Agreement	2019	2020	2021	2022	2023
Debt to Equity Ratio	Debt-to-Equity Ratio means the result obtained by dividing (i) the amount of interest-bearing debt (loans, borrowings and bonds payable) of the Issuer by (ii) the total Equity of the Issuer, in each case as appearing in the latest consolidated audited balance sheet of the Issuer.	A maximum ratio of 2.5:1	1.23	1.53	1.79	1.90	1.83
Current Ratio	Current ratio is computed by dividing (i) Total Current Assets over (ii) Current Liabilities.	A minimum ratio of 1:1	2.56	2.41	1.67	1.61	1.55
Interest Coverage Ratio	Interest coverage ratio is computed by dividing the sum of EBITDA, cash, and cash equivalents, by interest incurred during the period. For purposes of the covenants, the ratio shall be computed using 12-months trailing EBITDA plus cash balance over interest due for the next year.	A minimum ratio of 3:1	6.57	4.69	3.94	5.23	4.34

ITEM 7. FINANCIAL STATEMENTS

The Company's audited consolidated financial statements as of and for the periods ending December 31, 2023 and 2022 are incorporated in the accompanying Index.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of Punongbayan and Araullo (P&A) Grant Thornton. There were no disagreements with the firm on any matter of accounting and financial disclosure.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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A	B	S	o	b	e	r	a	n	o		H	o	l	d	i	n	g	s		C	o	r	p	.)			

Principal Office (No./Street/Barangay/City/Town)Province)

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

jgarde@cebulandmasters.com

Company's Telephone Number/s

(032) 231 4870

Mobile Number

N/A

No. of Stockholders

21

Annual Meeting
Month/Day

1 st Friday of July

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Jose R. Soberano III

Email Address

ceo@cebulandmasters.com

Telephone Number/s

(032) 231 4870

Mobile Number

--

Contact Person's Address

10 th floor, Park Centrale Tower, Jose Ma. del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City.

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of Cebu Landmasters, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached herein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

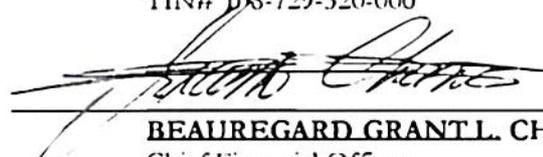
In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern as basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the condensed consolidated interim financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Arullo, the independent auditors appointed by the stockholders, has reviewed the condensed consolidated interim financial statements of the Group in accordance with Philippine Standards on Review Engagements, and have rendered their report to the stockholders, upon completion of such review.


JOSE R. SOBERANO III
Chairman of the Board and Chief Executive Officer
TIN# 108-729-320-000


BEAUREGARD GRANT L. CHENG
Chief Financial Officer
TIN#205-557-510-000

Signed this ___ day of APR 10 2024

SUBSCRIBED AND SWORN to before me this APR 10 2024 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc. No. 228 ;
Page No. 47 ;
Book No. 9 ;
Series of 2024




ATTY. EDELINE O. COSICO
Notary Public
Bar Commission No. 040-23, Cebu City
Valid until December 31, 2024
Roll of Attorneys No. 82445
J.E Compliance No. VIII-0000258, Issued on 08-31-2023
PTR No. 1233920; 01-03-2024; Cebu
EP No. 385698 ; 01-02-2024; Cebu Chapter
10th Flr. Park Centrale Tower, J.M. Del Mar St.,
Cebu I.T. Park, Apas, Cebu City



P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Cebu Landmasters, Inc. and Subsidiaries

December 31, 2023, 2022 and 2021

(With Corresponding Figures as of January 1, 2022)

Report of Independent Auditors

The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

Opinion

We have audited the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (collectively referred to herein as the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the consolidated financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the consolidated financial statements are disclosed in Note 2 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue Recognition for Real Estate Sales***Description of the Matter***

We considered the Group's recognition of revenue from real estate sales a key audit matter because of the significant volume of transactions and amount of revenue from real estate sales involved. In 2023, the Group's revenue from real estate sales amounted to P18.5 billion which accounts for 98% of the Group's total revenues. It uses the percentage of completion (POC) method to determine the appropriate amount of contract revenues to be recognized for the reporting period. Thus, the complexity of the application of the revenue recognition standard in real estate sales contracts; and the application of significant management judgments in determining when to recognize revenue, particularly on the assessment of the probability of collecting the contract price, and in estimating the stage of project completion were also taken into consideration. An error in the application of the requirements of said standard, and of management judgment and estimate could cause a material misstatement in the consolidated financial statements.

The Group's accounting policy on recognition of revenue from real estate sales, and basis of significant judgment and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements, respectively. In addition, the details of contract revenues, specifically the disaggregation of revenues are disclosed in Notes 18 to the consolidated financial statements.

How the Matter was Addressed in the Audit

To address the risk of material misstatements in revenue recognition, we have performed tests of design and operating effectiveness of internal controls, including information technology (IT) general controls, over processes relating to generation of contract revenue, and revenue recognition and measurement. In addition, we reviewed sales agreements, on a sampling basis, and the relevant facts and circumstances about the real estate transactions to determine compliance with a set of criteria for revenue recognition. We have also tested the reasonableness of management's judgment in determining the probability of collection of the contract price which involves a historical analysis of customer payment pattern and behavior.

To ascertain the reasonableness of the measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include understanding of controls over recording of costs and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to determine if the completion based on costs is consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of project engineers who prepared the budgets and reviewed the actual performance of completed projects with reference to their budgeted costs.

(b) Existence and Valuation of Real Estate Inventories*Description of the Matter*

Real estate inventories amount to P18.7 billion, which accounts for 34% of total current assets and 18% of total assets of the Group, as at December 31, 2023. Because of the asset's material effect on the consolidated financial statements, we considered its valuation a key audit matter. Valuation of the Group's real estate inventories, particularly construction-in-progress, involves determination and estimation of significant unbilled materials and project contractors' services at the end of the reporting period. Management's failure to consider such unbilled materials and services, and an error in estimating the same, could have a material impact on the carrying value of real estate inventories as well as the POC and cost of real estate sales.

The valuation of the real estate inventories is also hinged on their existence. Given that the Group's real estate projects are located in various locations and the varying stages of completion of the projects, which require significant judgment and estimation, we have also considered the existence of real estate inventories as a key audit matter.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the assets' components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding, and performed tests of design and operating effectiveness of internal controls, including IT general controls, over processes relating to initiation and recording of purchases and allocation of cost to real estate inventories. We also performed ocular inspection of selected real estate projects on a date closest to the end of the reporting period to confirm their existence, and examined documents, such as land titles, progress reports, contractors' accomplishment billings among others, to corroborate with other procedures as well as to ensure completeness of recorded costs. We tested the assumptions used by management in estimating the unbilled materials and services, reviewed the technical competence of project engineers in relation to their assessment of the stage of completion of the projects, and the reasonableness of the stage of completion which was used in the assets' valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes	December 31, 2023	December 31, 2022 (As Restated - see Note 2)	January 1, 2022 (As Restated - see Note 2)
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	5	P 913,841,206	P 1,434,559,762	P 1,095,821,916
Receivables - net	6	2,093,139,231	3,571,775,532	5,844,643,647
Contract assets - net	18	26,225,182,718	16,208,926,784	6,558,006,000
Real estate inventories	7	18,693,496,246	18,309,208,981	18,708,757,553
Deposits on land for future development	8	15,000,000	129,996,729	-
Due from related parties	26	48,596,767	35,802,341	57,434,271
Prepayments and other current assets	9	6,434,166,661	4,236,252,125	4,113,273,504
Total Current Assets		<u>54,423,422,829</u>	<u>43,926,522,254</u>	<u>36,377,936,891</u>
NON-CURRENT ASSETS				
Receivables - net	6	156,093,837	106,500,218	161,127,276
Contract assets - net	18	18,868,803,692	15,770,136,750	13,732,299,185
Investments in associates	10	142,489,432	133,559,576	135,064,930
Property and equipment - net	11	7,241,895,672	4,813,732,450	915,671,703
Right-of-use assets - net	12	1,129,605,407	1,168,049,405	1,152,854,127
Investment properties - net	13	18,334,014,653	17,749,297,533	13,240,123,662
Other non-current assets - net	14	1,789,963,392	1,377,070,838	937,027,659
Total Non-current Assets		<u>47,662,866,085</u>	<u>41,118,346,770</u>	<u>30,274,168,542</u>
TOTAL ASSETS		<u>P 102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	15	P 11,567,153,371	P 8,123,643,987	P 8,813,501,067
Trade and other payables	17	22,780,790,598	18,843,635,888	12,650,588,490
Contract liabilities	18	449,338,207	598,361,867	604,254,603
Customers' deposits	18	144,003,765	120,250,096	89,897,007
Lease liabilities	12	55,717,884	54,145,058	3,288,349
Income tax payable		2,210,977	3,646,417	2,177,192
Total Current Liabilities		<u>34,999,214,802</u>	<u>27,743,683,313</u>	<u>22,163,706,708</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	15	30,621,692,365	26,938,646,624	23,208,218,323
Bonds payable	16	4,947,822,521	4,930,582,631	-
Trade and other payables	17	185,420,132	195,075,703	169,777,112
Lease liabilities	12	1,207,138,171	1,182,914,425	1,122,841,952
Post-employment defined benefit obligation	24	10,395,914	9,390,095	4,753,329
Deferred tax liabilities - net	25	4,317,848,473	3,031,961,340	2,050,626,485
Total Non-current Liabilities		<u>41,290,317,576</u>	<u>36,288,570,818</u>	<u>26,556,217,201</u>
Total Liabilities		<u>76,289,532,378</u>	<u>64,032,254,131</u>	<u>48,719,923,909</u>
EQUITY				
Equity attributable to shareholders of the Parent Company	27	16,451,402,273	13,501,563,155	10,839,874,203
Non-controlling interest		9,345,354,263	7,511,051,738	7,092,307,321
Total Equity		<u>25,796,756,536</u>	<u>21,012,614,893</u>	<u>17,932,181,524</u>
TOTAL LIABILITIES AND EQUITY		<u>P 102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES	18			
Sale of real estates		P 18,508,302,086	P 15,439,136,362	P 10,996,247,695
Hotel operations		138,551,300	83,418,279	48,683,577
Rental		112,343,856	79,277,559	74,272,000
Management fees		<u>59,216,126</u>	<u>55,465,803</u>	<u>42,967,412</u>
		<u>18,818,413,368</u>	<u>15,657,298,003</u>	<u>11,162,170,684</u>
COST OF SALES AND SERVICES	19	(<u>9,640,347,529</u>)	(<u>8,367,635,549</u>)	(<u>5,972,289,664</u>)
GROSS PROFIT		<u>9,178,065,839</u>	<u>7,289,662,454</u>	<u>5,189,881,020</u>
OPERATING EXPENSES	20	(<u>2,784,634,909</u>)	(<u>2,368,932,953</u>)	(<u>1,950,338,710</u>)
OTHER OPERATING INCOME	21	<u>410,779,779</u>	<u>202,542,753</u>	<u>257,229,190</u>
OPERATING PROFIT		<u>6,804,210,709</u>	<u>5,123,272,254</u>	<u>3,496,771,500</u>
FINANCE COSTS	22	(<u>603,186,832</u>)	(<u>351,048,830</u>)	(<u>264,069,008</u>)
FINANCE INCOME	23	<u>14,983,406</u>	<u>14,819,366</u>	<u>7,689,872</u>
SHARE IN NET LOSS OF ASSOCIATES	10	(<u>12,570,144</u>)	(<u>9,505,354</u>)	(<u>4,229,178</u>)
IMPAIRMENT LOSS ON FINANCIAL ASSETS	6	(<u>432,794</u>)	(<u>1,855,555</u>)	-
OTHER LOSSES	21	(<u>3,809,681</u>)	(<u>8,077,498</u>)	(<u>132,572,525</u>)
PROFIT BEFORE TAX		<u>6,199,194,664</u>	<u>4,767,604,383</u>	<u>3,103,590,661</u>
TAX EXPENSE	25	(<u>1,556,175,019</u>)	(<u>1,159,713,237</u>)	(<u>432,719,044</u>)
NET PROFIT		<u>P 4,643,019,645</u>	<u>P 3,607,891,146</u>	<u>P 2,670,871,617</u>
Net profit attributable to:				
Parent Company's shareholders		P 3,575,837,120	P 3,170,887,739	P 2,612,937,324
Non-controlling interests		<u>1,067,182,525</u>	<u>437,003,407</u>	<u>57,934,293</u>
		<u>P 4,643,019,645</u>	<u>P 3,607,891,146</u>	<u>P 2,670,871,617</u>
Earnings per Share:				
Basic and diluted	28	<u>P 1.03</u>	<u>P 0.92</u>	<u>P 1.04</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT		P 4,643,019,645	P 3,607,891,146	P 2,670,871,617
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	24	(5,836,964)	(577,372)	435,092
Tax income (expense)	25	<u>1,459,241</u>	<u>144,343</u>	(<u>1,029,189</u>)
		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
TOTAL COMPREHENSIVE INCOME		P <u>4,638,641,922</u>	P <u>3,607,458,117</u>	P <u>2,670,277,520</u>
Total comprehensive income attributable to:				
Parent Company's shareholders		P 3,571,459,397	P 3,170,454,710	P 2,612,343,227
Non-controlling interests		<u>1,067,182,525</u>	<u>437,003,407</u>	<u>57,934,293</u>
		P <u>4,638,641,922</u>	P <u>3,607,458,117</u>	P <u>2,670,277,520</u>

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Attributable to Shareholders of the Parent Company									Non-controlling Interests (See Note 27)	Total
	Capital Stock (See Note 27)	Additional Paid-in Capital (See Note 27)	Treasury Stock (See Note 27)	Share Options Outstanding (See Note 27)	Revaluation Reserves (See Note 27)	Retained Earnings (See Note 27)		Total	Total		
						Appropriated	Unappropriated				
Balance at January 1, 2023	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 2,195,991	(P 13,910,501)	P 3,931,475,893	P 5,082,096,405	P 9,013,572,298	P 13,501,563,155	P 7,511,051,738	P 21,012,614,893
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	879,500,000	879,500,000
Cash dividends	-	-	-	-	-	-	(623,736,265)	(623,736,265)	(623,736,265)	(112,380,000)	(736,116,265)
Stock option granted	-	-	-	2,115,986	-	-	-	-	2,115,986	-	2,115,986
	-	-	-	2,115,986	-	-	(623,736,265)	(623,736,265)	(621,620,279)	767,120,000	145,499,721
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	6,324,658,043	(6,324,658,043)	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	(3,341,330,930)	3,341,330,930	-	-	-	-
	-	-	-	-	-	2,983,327,113	(2,983,327,113)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	3,575,837,120	3,575,837,120	3,575,837,120	1,067,182,525	4,643,019,645
Other comprehensive loss	-	-	-	-	(4,377,723)	-	-	-	(4,377,723)	-	(4,377,723)
	-	-	-	-	(4,377,723)	-	3,575,837,120	3,575,837,120	3,571,459,397	1,067,182,525	4,638,641,922
Balance at December 31, 2023	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 4,311,977	(P 18,288,224)	P 6,914,803,006	P 5,050,870,147	P 11,965,673,153	P 16,451,402,273	P 9,345,354,263	P 25,796,756,536
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	61,641,010	61,641,010
Cash dividends	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)	(79,900,000)	(599,680,221)
Stock option granted	-	-	-	3,005,840	-	-	-	-	3,005,840	-	3,005,840
Stock option exercised	-	-	15,507,297	(809,849)	-	-	(6,688,825)	(6,688,825)	8,008,623	-	8,008,623
	-	-	15,507,297	2,195,991	-	-	(526,469,046)	(526,469,046)	(508,765,758)	(18,258,990)	(527,024,748)
Appropriation of retained earnings											
Appropriations during the year	-	-	-	-	-	3,931,475,893	(3,931,475,893)	-	-	-	-
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-	-	-
	-	-	-	-	-	3,759,425,981	(3,759,425,981)	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	3,170,887,739	3,170,887,739	3,170,887,739	437,003,407	3,607,891,146
Other comprehensive loss	-	-	-	-	(433,029)	-	-	-	(433,029)	-	(433,029)
	-	-	-	-	(433,029)	-	3,170,887,739	3,170,887,739	3,170,454,710	437,003,407	3,607,458,117
Balance at December 31, 2022	P 3,623,451,997	P 1,608,917,974	(P 732,664,604)	P 2,195,991	(P 13,910,501)	P 3,931,475,893	P 5,082,096,405	P 9,013,572,298	P 13,501,563,155	P 7,511,051,738	P 21,012,614,893
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	(P 732,851,016)	P -	(P 12,883,375)	P 3,949,504,623	P 2,104,913,555	P 6,054,418,178	P 8,631,601,761	P 6,895,639,697	P 15,527,241,458
Transactions with owners											
Investments from non-controlling stockholders	-	-	-	-	-	-	-	-	-	226,733,331	226,733,331
Cash dividends	-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)	(88,000,000)	(476,749,900)
Stock dividends	1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-	-	-
Acquisition of treasury stock	-	-	(15,320,885)	-	-	-	-	-	(15,320,885)	-	(15,320,885)
	1,909,451,997	-	(15,320,885)	-	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)	138,733,331	(265,337,454)
Reversal of appropriations during the year	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-	-	-
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	2,612,937,324	2,612,937,324	2,612,937,324	57,934,293	2,670,871,617
Other comprehensive loss	-	-	-	-	(594,097)	-	-	-	(594,097)	-	(594,097)
	-	-	-	-	(594,097)	-	2,612,937,324	2,612,937,324	2,612,343,227	57,934,293	2,670,277,520
Balance at December 31, 2021	P 3,623,451,997	P 1,608,917,974	(P 748,171,901)	P -	(P 13,477,472)	P 172,049,912	P 6,197,103,693	P 6,369,153,605	P 10,839,874,203	P 7,092,307,321	P 17,932,181,524

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As Restated see Note 2)	2021 (As Restated see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 6,199,194,664	P 4,767,604,383	P 3,103,590,661
Adjustments for:				
Interest expense on:				
Loans	22	451,982,816	259,475,530	196,904,919
Lease liabilities	12	80,167,300	75,629,879	67,139,552
Bonds	16	66,856,868	15,444,620	-
Depreciation and amortization	20	186,911,151	170,626,662	121,798,863
Interest income	23	(13,874,699)	(14,664,879)	(6,528,935)
Share in net losses of associates	10	12,570,144	9,505,354	4,229,178
Share option benefits expense	24, 27	2,115,986	3,005,840	-
Recognition of impairment loss on financial assets	6	432,794	1,855,555	-
Loss (gain) on sale of property and equipment	11	17,410	(128,365)	16,577
Operating profit before working capital changes		6,986,374,433	5,288,354,579	3,487,150,815
Decrease in receivables		1,428,609,888	2,325,639,618	136,187,839
Increase in contract assets		(13,114,922,876)	(11,688,758,349)	(6,433,654,690)
Decrease (increase) in real estate inventories		2,956,338,724	2,409,017,134	(1,290,125,235)
Increase in deposits on land for future development		(349,502,459)	(129,996,729)	(376,327,882)
Decrease (increase) in prepayments and other current assets		(2,197,914,536)	625,328,447	(905,070,148)
Decrease (increase) in other non-current assets		(418,939,623)	(1,069,949,268)	(573,896,768)
Increase in trade and other payables		1,561,102,970	3,804,705,659	5,317,928,215
Increase (decrease) in contract liabilities		(149,023,660)	(5,892,736)	71,605,256
Increase (decrease) in customers' deposits		23,753,669	30,353,089	(106,227,005)
Increase (decrease) in post-employment defined benefit obligation		(4,831,145)	4,059,394	3,538,048
Cash generated from (used in) operations		(3,278,954,614)	1,592,860,838	(668,891,555)
Cash paid for taxes		(270,264,085)	(300,933,097)	(252,045,906)
Net Cash From (Used in) Operating Activities		(3,549,218,699)	1,291,927,741	(920,937,461)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	(996,053,776)	(1,204,019,547)	(299,836,002)
Acquisitions of investment properties	13	(321,623,733)	(5,174,664,275)	(4,865,426,664)
Additional investments in associates	10	(21,500,000)	(8,000,000)	(25,310,918)
Interest received	23	13,874,699	14,664,879	6,528,935
Advances to related parties	26	(12,794,426)	(368,535)	(35,500,674)
Acquisitions of computer software	14	(1,914,986)	(3,064,323)	(10,242,943)
Proceeds from sale of property and equipment	11	563,795	1,043,039	75,961
Collections of advances to related parties	26	-	22,000,465	16,907
Net Cash Used in Investing Activities		(1,339,448,427)	(6,352,408,297)	(5,229,695,398)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of interest-bearing loans - net	34	12,943,572,215	11,749,374,715	14,448,015,997
Repayments of interest-bearing loans	34	(5,791,848,745)	(8,807,422,731)	(6,288,347,939)
Interest paid on interest-bearing loans	15	(2,543,426,951)	(1,907,051,243)	(1,387,522,892)
Additional investment from non-controlling shareholders	27	879,500,000	61,641,010	226,733,331
Cash dividends paid	27	(727,716,265)	(599,680,221)	(476,749,900)
Interest paid on bonds	16	(337,485,050)	(14,704,640)	-
Payment of lease liability	12	(54,646,634)	(17,574,742)	(57,537,727)
Proceeds from issuances of bonds - net	16	-	4,926,627,631	-
Proceeds from reissuance of treasury stock	27	-	8,008,623	-
Acquisition of treasury stock		-	-	(15,320,885)
Net Cash From Financing Activities		4,367,948,570	5,399,218,402	6,449,269,985
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(520,718,556)	338,737,846	298,637,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,434,559,762	1,095,821,916	797,184,790
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 913,841,206	P 1,434,559,762	P 1,095,821,916

Supplemental Information on Non-cash Activities is disclosed in Note 35.

See Notes to Consolidated Financial Statements.

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Cebu Landmasters, Inc. (the Parent Company or CLI) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 26, 2003. CLI is presently engaged in real estate-related activities, which include real estate development, sales, leasing and property management. The Parent Company's real estate portfolio include condominium and subdivision for residence, mixed-use properties, townships, hotels and resorts, offices, and co-living space.

The Parent Company is a subsidiary of A B Soberano Holdings Corp. (the Ultimate Parent Company or ABS). ABS is a holding company and is incorporated and domiciled in the Philippines. ABS is primarily and currently engaged in holding activities. The registered office and principal place of business of ABS is located at 2nd Street, Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The Company's shares were listed on the main board of the PSE on June 2, 2017 (see Note 27).

The registered office address of CLI, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

CLI holds ownership interests in the following subsidiaries and associates:

Entities	Notes	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%	100%
CLI Hotels and Resorts Inc. (CHR)	(d)	100%	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	88%	88%
Ming-mori Development Corporation (MDC)	(f)	78%	78%
Sugbo Prime Estate, Inc. (SPE)	(g)	64%	64%
BL CBP Ventures, Inc. (BL Ventures)	(h)	50%	50%
Yuson Excellence Soberano, Inc. (YES)	(i)	50%	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	50%	50%
YHEST Realty and Development Corporation (YHEST)	(k)	50%	50%
CCLI Premier Hotels, Inc. (CCLI)	(l)	50%	50%

Forward

Entities	Notes	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
Cebu Homegrown Developers, Inc. (CHDI)	(m)	50%	50%
YHES Premier Hotels Inc. (YHESPH)*	(n)	50%	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(o)	50%	50%
GGTT Realty Corporation (GGTT)	(p)	50%	50%
Mivesa Garden Residences, Inc. (MGR)	(q)	45%	45%
El Camino Developers Cebu, Inc. (El Camino)	(r)	35%	35%
Associates			
Iloilo Global City Corporation (IGCC)	(s)	43%	-
ICOM Air Corporation (ICOM)	(t)	33%	33%
Magspeak Nature Park, Inc. (Magspeak)	(u)	25%	25%

* YHESPH is a wholly owned subsidiary of YHES

CLI and its subsidiaries (collectively referred as “the Group”), and associates are all incorporated in the Philippines. The subsidiaries and associates, except CPH, CPM, CCLI, YHESPH and ICOM are in the same line of business with CLI. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business, which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPM is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CHR was incorporated on August 4, 2022 as a wholly-owned subsidiary of CLI and is engaged to run and manage the Group’s various hotel projects. Its principal place of business is located in Cebu City. As at December 31, 2023, CHR has yet to start commercial operations.
- (e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

- (g) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.
- (h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.
- (i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2023, CCLI has yet to start commercial operations.
- (m) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (n) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI, which owns 50% of YHES.
- (o) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.
- (q) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.
- (s) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business also is located in Iloilo City.

- (t) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2023, ICOM has yet to start its commercial operations.
- (u) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 (including the comparative consolidated financial statements for the years ended December 31, 2022 and 2021), were authorized for issue by the BOD on April 10, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in details below and in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *SEC Financial Reporting Reliefs Availed by the Group*

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circulars (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*;
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*;
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*; and,
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*.

SEC MC No. 08-2021, Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement. Discussed below and in the succeeding page are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements. The Group opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

(i) *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)*

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

(ii) *PIC Q&A No. 2018-12-D, Concept of the significant financing component in the contract to sell and PIC Q&A No. 2020-04, Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments (deferred until December 31, 2023)*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Group elected not to defer this provision of the standard, it would have an impact in the consolidated financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The guidance should have been applied retrospectively and would have resulted in the restatement of prior year consolidated financial statements or applied using modified retrospective approach.

In the initial calculation of the Group, adoption of the deferred provisions of PFRS 15 and related issuances of the Philippine Interpretation Committee would have an impact on the following financial statement accounts as of and for the year ended December 31, 2023:

	Increase <u>(Decrease)</u>
Real estate sales	(P2,103,367,290)
Cost of real estate sales	(1,139,065,655)
Interest expense	1,602,455,786
Interest income	2,134,914,530
Provision for deferred income tax	50,067,140
Net profit	545,004,511
Real estate inventories	(1,422,007,090)
Deferred tax liability	(371,997,944)
Opening balance of retained earnings	1,249,000,523

Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Group has decided to use full retrospective approach upon adoption.

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statement of comprehensive income separate from the consolidated statement of profit or loss.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

(e) *Reclassification of Accounts*

The Company reclassified certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets account due to its expected recognition as expense in the succeeding years.

The effect of this reclassification in the consolidated financial statements as at December 31, 2022 and January 1, 2022 are summarized as follows:

(i) Consolidated statements of financial position

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 4,964,507,403	(P 728,255,278)	P 4,236,252,125
Other non-current assets	<u>648,815,560</u>	<u>728,255,278</u>	<u>1,377,070,838</u>
		<u>P -</u>	
January 1, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 4,737,412,289	(P 624,138,785)	P 4,113,273,504
Other non-current assets	<u>312,888,874</u>	<u>624,138,785</u>	<u>937,027,659</u>
		<u>P -</u>	

(ii) Consolidated statements of cash flows

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 102,926,831)	P 728,255,278	P 625,328,447
Other non-current assets	(<u>341,693,990</u>)	(<u>728,255,278</u>)	(<u>1,069,949,268</u>)
		<u>P -</u>	
January 1, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 1,529,208,933)	P 624,138,785	(P 905,070,148)
Other non-current assets	<u>50,242,017</u>	(<u>624,138,785</u>)	(<u>573,896,768</u>)
		<u>P -</u>	

The effect of the reclassification has no impact on the consolidated statements of profit or loss and consolidated statements of comprehensive income.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy Information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 2 and 3.

PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.

- (ii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective in 2023 that is not Relevant to the Group*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries, after the elimination of material intercompany transactions. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

Acquired subsidiaries are accounted for using the acquisition method of accounting.

Acquired investment in associate is subject to the purchase method.

2.4 Financial Instruments

(a) *Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) *Classification, Measurement and Reclassification of Financial Assets*

The Group's financial assets are all categorized as financial assets at amortized cost.

(ii) *Impairment of Financial Assets*

The expected credit losses (ECL) on receivables and contract assets are estimated by a probability weighted estimate of credit losses over the expected life of the financial assets. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include interest-bearing loans and borrowings, bonds payable, and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)].

2.5 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

2.6 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined. Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or Contract Asset to be recognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.7 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Buildings	20 years
Transportation equipment	5 years
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

2.8 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets ranging from 20 to 50 years.

2.9 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Group develops real properties such as developed land, house and lot, and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

- (a) *Real Estate Sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized is presented as part of Real Estate Sales in the consolidated statement of comprehensive income.
- (b) *Real Estate Sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales in the consolidated statement of comprehensive income.
- (c) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.
- (d) *Hotel operations* – Revenues are recognized over time during the occupancy of hotel guest and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position.

2.10 Leases

(a) The Group as Lessee

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from two to five years for offices and 29 to 39 years for land.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) The Group as Lessor

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.11 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory, and administered by a trustee.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms). Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Group uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Group determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price. Management is confident that when the collections received from the buyers exceed a certain threshold, it would be unlikely for the buyer to default and therefore, cancel the contract. Accordingly, the Group will not recognize the whole contract and no revenue will be recognized when the collection threshold is not yet reached.

(d) *Assessment Involving Right of Return*

The Group's real estate sales under pre-completed contracts has variable consideration, which is the right of return when a buyer defaulted the equity payments. Moreover, RA No. 6552, *Realty Installment Buyer Act* or, which is popularly known in the Philippines as the *Maceda Law*, provides a statutory obligation to the Group to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installment payments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) *Determination of ECL on Receivables and Contract Assets*

The Group uses the cumulative loss rate approach to calculate ECL for receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Group has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations.

On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Group's trade and other receivables and contract assets are disclosed in Note 31.2.

(f) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the operations.

(g) Distinction Between Operating and Finance Leases for Contracts where the Group is the Lessor

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Currently, its leases are all operating leases.

(b) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of land and office space, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(i) Accounting for Equity Ownership Interest in Subsidiaries and Associates

In classifying its equity acquisitions as an investment in a subsidiary or associates, the Group evaluates whether control or significant influence exists. Control is present when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policy decisions.

The Parent Company was able to demonstrate control over the operations of CBLRV (since 2020), CHDI and YHESPH (since 2019), YHEST and CCLI (since 2018), MGR and YHES (since 2017), and BL Ventures, El Camino, and YES (since 2016), from the time of their incorporation, as indicated in Note 1.2. On June 22, 2021, CLI assumed control of MDC (see Note 10.1). It had been able to demonstrate control over the operations of the foregoing investees despite having 50% or less equity ownership interest in them by virtue of a formal agreement with the respective other shareholders of the investees and the Parent Company's actual role in the investees' operations. Accordingly, the said entities are accounted for as subsidiaries.

(j) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. The disclosures on relevant contingencies are presented in Note 29.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Revenue Recognition for Performance Obligations Satisfied Over Time*

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(c) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgment in the estimation of the contractual cash flows due from counterparties that the Group would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year.

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 31.2.

(d) *Determination of Net Realizable Value of Real Estate Inventories*

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The future realization of the carrying amounts of real estate inventory as presented in Note 7, is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's real estate inventories within the next financial reporting period.

Considering the Group's pricing policy, the net realizable values of real estate inventories for sale are determined to be higher than their related costs.

(e) *Estimation of Useful Lives of Property and Equipment, Investment Properties and Right-of-use Assets*

The Group estimates the useful lives of property and equipment, investment properties and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, right-of use assets, and investment properties are analyzed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2023 and 2022, there is no change in estimated useful lives of these assets during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned.

(f) *Impairment of Non-financial Assets*

The Group's Investment Properties, Property and Equipment and other non-financial assets are subject to impairment testing.

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management assessed that no impairment loss is required to be provided on its significant non-financial assets, particularly property and equipment, right-of-use assets and investment properties, as at December 31, 2023, 2022 and 2021.

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment defined benefit obligation in the next reporting period.

The amounts of post-employment defined benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit as well as the significant assumptions used in estimating such obligation are presented in Note 24.3.

(h) *Fair Value Measurement of Share Options*

The Group estimates the fair value of the share option by applying an option valuation model, taking into account the terms and conditions on which the share option was granted. The estimates and assumptions used are presented in Note 27.4, which include, among others, the option's time of expiration, applicable risk-free interest rate, expected dividend yield, volatility of the Parent Company's share price. Changes in these factors can affect the fair value of share options at grant date.

Details of employee share option plan and the amount of fair value recognized is presented in Note 27.4.

(i) *Fair Value Measurement for Investment Properties*

Investment properties are measured using the cost model. The fair value of investment property held for capital appreciation and to earn rental income disclosed in the consolidated financial statements is determined by the Group based on the appraisal reports of a professional and independent appraiser.

The fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Such amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets being disclosed.

The fair value the Group's investment properties as at December 31, 2023 and 2022 is disclosed in Notes 13 and 32.3(c).

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating segments are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's real estate segment covers the development and sale of residential and office units to individual and corporate buyers. The rental segment includes leasing of office and commercial spaces to corporate organizations. The management services segment focuses on the management of real estate projects and upkeep services to condominium corporations and housing associations. The hotel operations segment relates to the management of hotel business operations that caters hotel guest.

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

4.2 Segment Reporting

In identifying its operating segments, management generally follows the Group's products and service lines, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- expenses relating to share-based payments;
- research costs relating to new business activities; and,
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.3 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, real estate inventories, property and equipment, and investment properties, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and segment liabilities do not include deferred taxes.

	2021				
	Real Estate	Rental	Management Services	Hotel Operations	Total
REVENUES					
Sale to external customer	P 10,996,247,695	P 74,271,999	P 42,967,413	P 48,683,577	P 11,162,170,684
Intersegment sales	(83,694,730)	2,607,317	112,754,994	-	31,667,581
Total revenues	<u>10,912,552,965</u>	<u>76,879,316</u>	<u>155,722,407</u>	<u>48,683,577</u>	<u>11,193,838,265</u>
COSTS AND EXPENSES					
Costs of sales and services excluding depreciation and amortization	5,834,729,247	63,259	18,740,197	20,693,997	5,874,226,700
Operating expenses excluding depreciation and amortization	1,926,845,038	7,813,579	3,253,570	48,400,793	1,986,312,980
Depreciation and amortization	79,388,040	42,410,823	-	-	121,798,863
Total costs and expenses	<u>7,840,962,325</u>	<u>50,287,661</u>	<u>21,993,767</u>	<u>69,094,790</u>	<u>7,982,338,543</u>
FINANCE COST (INCOME)					
Interest expense on:					
Loans	206,602,933	1,576,018	656,253	-	208,835,204
Lease liabilities	67,139,552	-	-	-	67,139,552
Interest income on banks	(5,992,874)	(49,612)	(20,658)	(155,633)	(6,218,777)
Total finance cost (income)	<u>267,749,611</u>	<u>1,526,406</u>	<u>635,595</u>	<u>(155,633)</u>	<u>269,755,979</u>
SEGMENT PROFIT (LOSS) BEFORE TAX	<u>P 2,803,841,029</u>	<u>P 25,065,249</u>	<u>P 133,093,045</u>	<u>(P 20,255,580)</u>	<u>P 2,941,743,743</u>
ASSETS AND LIABILITIES					
Segment assets	P 59,241,930,021	P 13,257,992,141	P 47,761,136	P 668,752,885	P 73,216,436,183
Segment liabilities	47,210,106,719	36,400,266	8,264,159	476,195,105	47,730,966,249

The real estate segment is further analyzed based on their geographical location as shown in Note 18.1. Both rental and management services segments are located in Cebu City.

Sales to any of the Group's major customers did not exceed 10% of the Group's revenues in all of the years presented.

4.6 Reconciliation

Following is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2023	2022	2021
Revenues			
Total segment revenues	P 19,008,875,169	P 15,812,551,256	P 11,193,838,265
Elimination of intersegment revenues	(190,461,801)	(155,253,253)	(31,667,581)
Revenues as reported in profit or loss	<u>P 18,818,413,368</u>	<u>P 15,657,298,003</u>	<u>P 11,162,170,684</u>
Profit or loss			
Segment profit before tax	P 5,741,234,776	P 4,737,897,735	P 2,941,743,743
Adjustments for intersegment accounts	63,559,934	(155,253,253)	41,419,431
Other operating income	410,779,779	202,542,753	257,229,190
Share in net loss in associates	(12,570,144)	(9,505,354)	(4,229,178)
Other losses - net	(3,809,681)	(8,077,498)	(132,572,525)
Profit before tax as reported in profit or loss	<u>P 6,199,194,664</u>	<u>P 4,767,604,383</u>	<u>P 3,103,590,661</u>

Forward

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Segment assets and total assets reported in statements of financial position	P112,448,551,689	P 93,271,163,200	P 73,216,436,183
Elimination of intercompany accounts	(10,362,262,775)	(8,226,294,176)	(6,564,330,750)
Total assets as reported in the consolidated statements of financial position	<u>P102,086,288,914</u>	<u>P 85,044,869,024</u>	<u>P 66,652,105,433</u>
Liabilities			
Segment liabilities	P 73,194,519,349	P 62,571,078,617	P 47,730,966,249
Deferred tax liabilities	4,317,848,473	3,031,961,340	2,050,626,485
Elimination of intercompany accounts	(1,222,835,444)	(1,570,785,826)	(1,061,668,825)
Total liabilities as reported in the consolidated statements of financial position	<u>P 76,289,532,378</u>	<u>P 64,032,254,131</u>	<u>P 48,719,923,909</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	<u>2023</u>	<u>2022</u>
Cash on hand	P 4,365,735	P 3,024,222
Cash in banks	864,263,028	1,322,678,049
Short-term placements	<u>45,212,443</u>	<u>108,857,491</u>
	<u>P 913,841,206</u>	<u>P 1,434,559,762</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 35 to 60 days and earn effective interest ranging from 3% to 3.5% per annum in 2023, ranging from 0.75% to 4.25% per annum in 2022, and ranging from 0.75% to 1.90% per annum in 2021.

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

6. RECEIVABLES

This account includes the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Contract receivables:			
Third parties		P 1,548,388,979	P 2,900,433,836
Related parties	26.2, 26.3	685,584	129,796,291
Retention receivable		132,973,570	113,229,317
Management fee receivable		111,340,567	102,357,085
Receivable from contractors and suppliers		156,616,742	41,212,041
Receivable from insurance		77,373,832	144,893,228
Rent receivable		71,548,690	53,640,904
Advances to officers and employees		37,927,664	21,014,700
Receivable from hotel operations customers		8,510,578	2,621,371
Other receivables		106,109,124	170,886,446
		2,251,475,330	3,680,085,219
Allowance for impairment	31.2(c)	(2,242,262)	(1,809,469)
		<u>P 2,249,233,068</u>	<u>P 3,678,275,750</u>

Receivables are presented in the consolidated statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 2,093,139,231	P 3,571,775,532
Non-current	156,093,837	106,500,218
	<u>P 2,249,233,068</u>	<u>P 3,678,275,750</u>

Buyers of real estate properties are given two to four years to complete the equity amortization, which ranges from 10% to 30% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the collection of total transaction price is reasonably assured and the corresponding revenue is recognized. Generally, full payment by buyers of their equity amortization is followed by full settlement by the buyer's chosen financing institution of the buyer's account within 12 months. Title to real estate properties are transferred to the buyers once full payment has been made. Hence, contract receivables are fully secured by the real properties acquired by buyers.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost, which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P5,309,083 and P1,557,409 as at December 31, 2023 and 2022, respectively.

The Parent Company has day-one loss on noninterest-bearing contract receivables, net of amortization of day one loss, amounting to P3,751,672 and P257,332, and is presented as part of Finance Costs in the 2023 and 2022 consolidated statements of profit or loss, respectively (see Note 22). The amortization of day-one loss of noninterest-bearing contract receivables is presented as part of Finance Income in the consolidated statements of profit or loss (see Note 23).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Group.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Group.

Advances to officers and employees are composed of advances intended for the Group's operations and are subject to liquidation.

The Group assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. A reconciliation of the allowance for impairment at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,809,469	P 600,695
Impairment losses	432,794	1,855,555
Write off	<u>-</u>	(<u>646,781</u>)
Balance at end of year	<u>P 2,242,262</u>	<u>P 1,809,469</u>

7. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Subdivision units		P 470,257,538	P 723,515,775
Condominium units		<u>400,467,121</u>	<u>442,847,171</u>
		<u>870,724,659</u>	<u>1,166,362,946</u>
Construction-in-progress (CIP):			
Condominium building costs		11,216,886,132	3,538,686,897
Housing costs		4,200,650,987	1,330,557,606
Land development costs		<u>1,627,403,713</u>	<u>9,090,488,250</u>
		<u>17,044,940,832</u>	<u>13,959,732,753</u>
Raw land inventory	8	<u>777,830,755</u>	<u>3,183,113,282</u>
		<u>P18,693,496,246</u>	<u>P18,309,208,981</u>

An analysis of the cost of real estate inventory included in cost of sales is presented in Note 19.

Land development costs pertain to the cost of land acquisition, and site development costs of horizontal projects and other future site projects of the Group.

Condominium building costs consist of the cost of land and the cost to construct the units of the vertical projects of the Group. Housing costs pertain to the cost of house construction for the horizontal projects of the Group.

Raw land inventory consists of parcels of land owned by the Group in various locations. These are expected to be developed into saleable condominium or subdivision units.

In 2023, the Group reclassified deposits on land for future development to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated during the reporting period (see Note 8). There was no similar transaction in 2022.

Borrowing costs that are capitalized as part of real estate inventory amounted to P1,668,971,527 and P1,177,920,349 in 2023 and 2022, respectively, which represents the interest incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and 4% to 8% in 2023 and 2022, respectively.

In 2023 and 2022, the Group reclassified certain investment properties to real estate inventories (see Note 13). In 2023, the Group reclassified certain real estate inventories to property and equipment, there was no similar transaction in 2022 (see Note 11).

As at December 31, 2023 and 2022, real estate inventories totaling to P7,794,550,414 and P8,128,280,586, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

8. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects. A reconciliation of the deposits on land for future development is presented below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 129,996,729	P -
Additions		349,502,459	129,996,729
Transferred to raw land inventory	7	(464,499,188)	-
Balance at end of year		<u>P 15,000,000</u>	<u>P 129,996,729</u>

The deposits on land for future development is presented as current assets in the consolidated statements of financial position.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	<u>2023</u>	2022 (As restated - see Note 2)
Advances to subcontractors	P1,979,370,709	P 1,555,905,543
Input VAT and deferred input VAT	1,555,489,960	1,401,290,754
Deferred commissions	1,645,513,898	483,984,105
Advances to suppliers	537,191,493	248,056,728
Prepaid taxes	454,631,300	298,208,444
Short-term investments	200,838,362	204,836,249
Prepaid expenses	51,509,612	34,567,894
Others	<u>9,621,327</u>	<u>9,402,408</u>
	<u>P6,434,166,661</u>	<u>P 4,236,252,125</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of subdivision and condominium units for sale. These are applied against the progress billings of subcontractors.

Deferred commissions pertain to sales commissions incurred and capitalized by the Group upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. In 2023, 2022 and 2021, the Group expensed deferred commissions based on the POC of its related real estate project and is presented as Commissions under Operating Expenses in the consolidated statements of profit or loss (see Note 20).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Group's compliance with the regulatory requirements for issuance of license to sell, and are restricted for use in the Group's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 3.5% to 6.5% and 0.75% to 4.25% per annum in 2023 and 2022, respectively.

Prepaid expenses include advance payment for insurance and rent.

10. INVESTMENTS IN ASSOCIATES

10.1 Breakdown of Carrying Amounts

A reconciliation of the carrying amounts of investments in associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 133,559,576	P 135,064,930
Share in net loss during the year	(12,570,144)	(9,505,354)
Additional investments	<u>21,500,000</u>	<u>8,000,000</u>
Balance at end of year	<u>P 142,489,432</u>	<u>P 133,559,576</u>

An analysis of the carrying amount of the Parent Company's investments in associates as at December 31, 2023 and 2022 is shown below.

	<u>IGCC</u>	<u>Magspeak</u>	<u>ICOM</u>	<u>Total</u>
December 31, 2023				
Cost				
Balance at beginning of year	P -	P 25,735,096	P 122,300,934	P 148,036,030
Additional investments	<u>8,500,000</u>	<u>5,000,000</u>	<u>8,000,000</u>	<u>21,500,000</u>
Balance at end of year	<u>8,500,000</u>	<u>30,735,096</u>	<u>130,300,934</u>	<u>169,536,030</u>
Accumulated equity in net losses				
Balance at beginning of year	-	(2,838,295)	(11,638,159)	(14,476,454)
Equity in net losses during the year	<u>-</u>	<u>(982,394)</u>	<u>(11,587,750)</u>	<u>(12,570,144)</u>
Balance at end of year	<u>-</u>	<u>(3,820,689)</u>	<u>(23,225,909)</u>	<u>(27,046,598)</u>
Carrying Amount	<u>P 8,500,000</u>	<u>P 26,914,407</u>	<u>P 107,075,025</u>	<u>P 142,489,432</u>
December 31, 2022				
Cost				
Balance at beginning of year	P -	P 25,735,096	P 114,300,934	P 140,036,030
Additional investments	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>8,000,000</u>
Balance at end of year	<u>-</u>	<u>25,735,096</u>	<u>122,300,934</u>	<u>148,036,030</u>
Accumulated equity in net losses				
Balance at beginning of year	(1,487,450)	(3,483,650)	(4,971,100)	(9,942,200)
Equity in net losses during the year	<u>(1,350,845)</u>	<u>(8,154,509)</u>	<u>(8,587,750)</u>	<u>(18,182,604)</u>
Balance at end of year	<u>(2,838,295)</u>	<u>(11,638,159)</u>	<u>(13,558,850)</u>	<u>(28,035,304)</u>
Carrying Amount	<u>P 22,896,801</u>	<u>P 110,662,775</u>	<u>P 110,662,775</u>	<u>P 133,559,576</u>

On June 22, 2021, CLI assumed control of the MDC by acquiring additional common shares of MDC from nine other stockholders and became its parent Company. Upon acquisition, CLI remeasured its investment in an associate to its acquisition-date fair value and recognized a Gain on remeasurement of investments in associates presented under Other Operating Income in the 2021 consolidated statement of profit or loss (see Note 21.1).

The total revenues and net losses of MDC included in the 2021 consolidated statement of comprehensive income since acquisition date are nil and P2,330,126, respectively. Had the acquisition occurred at the beginning of the year, the total revenues and net losses of MDC to be included in the 2021 consolidated statement of comprehensive income are nil and P3,274,357, respectively.

10.2 Summarized Financial Information

The aggregated amounts of assets, liabilities and equity are as follows:

	<u>Current Assets</u>	<u>Non-current Assets</u>	<u>Current Liabilities</u>	<u>Non-current Liabilities</u>	<u>Equity</u>
December 31, 2023					
Magspeak	P 18,071,989	P 86,274,189	P 2,287,827	P 1,830,565	P 100,227,786
ICOM	33,763,138	292,523,319	3,138,099	87,942,100	235,206,258
IGCC	8,500,000	-	-	-	8,500,000
	<u>P 60,335,127</u>	<u>P 378,797,508</u>	<u>P 5,425,926</u>	<u>P 89,772,665</u>	<u>P 343,934,044</u>
December 31, 2022					
Magspeak	P 18,071,989	P 86,274,189	P 2,287,827	P 1,830,565	P 100,227,786
ICOM	30,759,869	300,684,537	1,379,372	39,000,000	291,065,034
	<u>P 48,831,858</u>	<u>P 386,958,726</u>	<u>P 3,667,199</u>	<u>P 40,830,565</u>	<u>P 391,292,820</u>

The aggregated amounts of revenues, net loss, other comprehensive loss of the associates are as follows:

	<u>Revenues</u>	<u>Net Loss</u>	<u>Other Comprehensive Income</u>	<u>Total Comprehensive Loss</u>
2023				
Magspeak	P -	(P 3,929,611)	P -	(P 3,929,611)
ICOM	12,452,209	(32,839,961)	-	(32,839,961)
IGCC	-	-	-	-
2022				
Magspeak	P -	(P 4,934,527)	P -	(P 4,934,527)
ICOM	14,448,415	(24,360,430)	-	(24,360,430)
2021				
Magspeak	P -	(P 2,551,014)	P -	(P 2,551,014)
ICOM	8,312,631	(10,310,845)	-	(10,310,845)

The reconciliation of the summarized financial information to the carrying amount of the interest in associates are as follows:

	<u>Magspeak</u>	<u>ICOM</u>	<u>IGCC</u>	<u>Total</u>
2023				
Net assets at end of year	P 100,227,786	P 235,206,258	P 8,500,000	
Proportion of equity interest by the Parent Company	<u>25%</u>	<u>33%</u>	<u>43%</u>	
Parent Company's share in the net assets of associates	25,056,947	77,618,065	3,655,000	
Other stockholders' unpaid subscription	<u>1,857,460</u>	<u>29,456,960</u>	<u>4,845,000</u>	
Carrying amount of investment	<u>P 26,914,407</u>	<u>P 107,075,025</u>	<u>P 8,500,000</u>	<u>P 142,489,432</u>
		<u>Magspeak</u>	<u>ICOM</u>	<u>Total</u>
2022				
Net assets at end of year		P 94,157,786	P 291,065,034	
Proportion of equity interest by the Parent Company		<u>25%</u>	<u>33%</u>	
Parent Company's share in the net assets of associates		23,539,447	96,051,461	
Other stockholders' unpaid subscription		(<u>642,548</u>)	<u>14,611,314</u>	
Carrying amount of investment		<u>P 22,896,899</u>	<u>P 110,662,775</u>	<u>P 133,559,674</u>

The shares in net losses of associates totaling P12,570,149, P9,505,354, and P4,229,178 were recognized in 2023, 2022 and 2021, respectively, in the consolidated statements of profit or loss.

There were no dividends received from the Group's associates in 2023, 2022 and 2021.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Land	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2023								
Cost	P 359,058,133	P 512,706,244	P 125,131,130	P 60,827,521	P 50,499,782	P 14,587,797	P 6,420,474,335	P 7,543,284,942
Accumulated depreciation and amortization	-	(142,131,917)	(69,747,528)	(47,766,743)	(33,152,170)	(8,590,912)	-	(301,389,270)
Net carrying amount	<u>P 359,058,133</u>	<u>P 370,574,327</u>	<u>P 55,383,602</u>	<u>P 13,060,778</u>	<u>P 17,347,612</u>	<u>P 5,996,885</u>	<u>P 6,420,474,335</u>	<u>P 7,241,895,672</u>
December 31, 2022								
Cost	P 359,058,133	P 401,375,877	P 111,382,859	P 57,015,172	P 40,459,135	P 14,547,842	P 4,077,078,853	P 5,060,917,871
Accumulated depreciation and amortization	-	(117,269,272)	(53,078,326)	(42,285,966)	(27,932,433)	(6,619,424)	-	(247,185,421)
Net carrying amount	<u>P 359,058,133</u>	<u>P 284,106,605</u>	<u>P 58,304,533</u>	<u>P 14,729,206</u>	<u>P 12,526,702</u>	<u>P 7,928,418</u>	<u>P 4,077,078,853</u>	<u>P 4,813,732,450</u>
December 31, 2021								
Cost	P 140,896,820	P 313,420,883	P 91,775,926	P 59,603,223	P 36,731,888	P 12,514,727	P 471,807,019	P 1,126,750,486
Accumulated depreciation and amortization	-	(102,246,056)	(40,841,416)	(39,453,413)	(23,778,921)	(4,758,977)	-	(211,078,783)
Net carrying amount	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023, 2022 and 2021 is as follows:

	Land	Building and Parking Units	Office Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2023 net of accumulated depreciation and amortization	P 359,058,133	P 284,106,605	P 58,304,533	P 14,729,206	P 12,526,702	P 7,928,418	P 4,077,078,853	P 4,813,732,450
Additions	-	97,747,164	13,857,110	4,359,670	10,040,647	39,955	2,343,395,482	2,469,440,028
Reclassifications	-	13,583,203	-	-	-	-	-	13,583,203
Disposals	-	-	(33,884)	(547,321)	-	-	-	(581,205)
Depreciation and amortization for the year	-	(24,862,645)	(16,744,157)	(5,480,777)	(5,219,737)	(1,971,488)	-	(54,278,804)
Balance at December 31, 2023 net of accumulated depreciation and amortization	<u>P 359,058,133</u>	<u>P 370,574,327</u>	<u>P 55,383,602</u>	<u>P 13,060,778</u>	<u>P 17,347,612</u>	<u>P 5,996,885</u>	<u>P 6,420,474,335</u>	<u>P 7,241,895,672</u>
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 140,896,820	P 211,174,827	P 50,934,510	P 20,149,810	P 12,952,967	P 7,755,750	P 471,807,019	P 915,671,703
Additions	218,161,313	55,888,147	19,701,024	1,604,275	3,727,247	2,033,115	2,336,303,706	2,637,418,827
Disposals	-	-	(56,627)	(858,046)	-	-	-	(914,673)
Reclassification	-	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization for the year	-	(15,023,216)	(12,274,374)	(6,166,833)	(4,153,512)	(1,860,447)	-	(39,478,382)
Balance at December 31, 2022 net of accumulated depreciation and amortization	<u>P 359,058,133</u>	<u>P 284,106,605</u>	<u>P 58,304,533</u>	<u>P 14,729,206</u>	<u>P 12,526,702</u>	<u>P 7,928,418</u>	<u>P 4,077,078,853</u>	<u>P 4,813,732,450</u>
Balance at January 1, 2021 net of accumulated depreciation and amortization	P 140,896,820	P 170,588,299	P 39,392,002	P 12,602,929	P 8,936,688	P 1,130,735	P 269,748,169	P 643,387,606
Additions	-	11,827,275	21,178,971	13,413,303	8,401,409	7,929,190	237,085,854	299,836,002
Disposals	-	-	(23,178)	-	(69,360)	-	-	(92,538)
Reclassification	-	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization for the year	-	(14,244,790)	(9,613,285)	(5,866,422)	(4,315,770)	(1,304,175)	-	(35,344,442)
Balance at December 31, 2021 net of accumulated depreciation and amortization	<u>P 140,896,820</u>	<u>P 211,174,827</u>	<u>P 50,934,510</u>	<u>P 20,149,810</u>	<u>P 12,952,967</u>	<u>P 7,755,750</u>	<u>P 471,807,019</u>	<u>P 915,671,703</u>

Depreciation and amortization expense on property and equipment is presented as part of Operating Expenses in the consolidated statements of profit or loss (see Note 20).

In 2023, the Group reclassified real estate inventory and investment property with carrying amount of P13,080,557 and P502,646, respectively, to Building as these properties will be used for administrative purposes.

In 2022, the Group reclassified construction in progress under Investment Properties with an aggregate carrying amount of P1,301,034,975 to Property and Equipment (see Note 13). Additionally, construction in progress with an aggregate carrying amount of P32,066,847 was reclassified to Building for office renovations completed during the year.

In 2021, the Group reclassified certain retail buildings previously presented as Investment Properties with an aggregate amount of P7,977,039 to Property and Equipment (see Note 13) because CLI used these units as one of its offices.

Borrowing costs that are capitalized as part of property and equipment amounted to P572,141,966 and P441,588,741 in 2023 and 2022, respectively, which represents the allocated costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and from 4% to 8% in 2023 and 2022, respectively.

Certain land, building, office equipment, furniture and fixtures and construction in progress with an aggregate carrying amount of P6,404,580,614 and P4,353,935,990 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Group (see Note 15.1).

As at December 31, 2023 and 2022, the cost of the Group's fully-depreciated property and equipment that are still used in operations amounted to P119,631,379 and P103,615,868, respectively.

12. LEASES

The Group entered into lease contracts, as lessee, for leases of land and office spaces. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the consolidated statements of financial position as Right-of-use Assets and the corresponding obligation, as Lease Liabilities. Variable lease payments, which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term.

Under the lease contracts, the Group is prohibited from selling or pledging the underlying leased assets as security. For the lease of an office space, the Group must keep the related property in a good state of repair and return the property in good state at the end of the lease. For the lease on the land, the Group must insure all the improvements made on the property.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the 2023 and 2022 consolidated statement of financial position.

	<u>Number of right-of-use assets leased</u>	<u>Lease term</u>	<u>Number of leases with extension option</u>	<u>Number of leases with purchase option</u>	<u>Number of leases with termination option</u>
December 31, 2023					
Land	4	21 to 39 years	-	-	-
Office space	2	2 to 4 years	1	-	1
December 31, 2022					
Land	4	25 to 42 years	-	-	-
Office space	2	4 to 5 years	1	-	1

12.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2023 and 2022 and the movements during the year are shown as follows:

	<u>Land</u>	<u>Office Space</u>	<u>Total</u>
December 31, 2023			
Cost			
Balance at beginning of year	P 1,262,756,727	P 15,877,921	P 1,278,634,648
Amendment of lease contract	<u>275,906</u>	<u>-</u>	<u>275,906</u>
Balance at end of year	<u>1,263,032,633</u>	<u>15,877,921</u>	<u>1,278,910,554</u>
Accumulated amortization			
Balance at beginning of year	102,160,939	8,424,304	110,585,243
Amortization for the year	<u>35,367,425</u>	<u>3,352,479</u>	<u>38,719,904</u>
Balance at end of year	<u>137,528,364</u>	<u>11,776,783</u>	<u>149,305,147</u>
Carrying amount at December 31, 2023	<u>P1,125,504,269</u>	<u>P 4,101,138</u>	<u>P1,129,605,407</u>
December 31, 2022			
Cost			
Balance at beginning of year	P 1,209,882,682	P 15,877,921	P 1,225,760,603
Additions	<u>52,874,045</u>	<u>-</u>	<u>52,874,045</u>
Balance at end of year	<u>1,262,756,727</u>	<u>15,877,921</u>	<u>1,278,634,648</u>
Accumulated amortization			
Balance at beginning of year	67,834,649	5,071,827	72,906,476
Amortization for the year	<u>34,326,290</u>	<u>3,352,477</u>	<u>37,678,767</u>
Balance at end of year	<u>102,160,939</u>	<u>8,424,304</u>	<u>110,585,243</u>
Carrying amount at December 31, 2022	<u>P1,160,595,788</u>	<u>P 7,453,617</u>	<u>P1,168,049,405</u>

There are no additional right-of-use asset in 2023. The additional right-of-use asset in 2022 pertains to a 30-year lease contract for a parcel of land intended for the development of a commercial complex.

12.2 Lease Liabilities

Lease liabilities presented in the consolidated statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 55,717,884	P 54,145,058
Non-current	<u>1,207,138,171</u>	<u>1,182,914,425</u>
	<u>P1,262,856,055</u>	<u>P1,237,059,483</u>

The Group is fully liable for the rentals on the remaining term of the lease of office space, including any interest, penalties, utility charges and damages for termination prior to expiration of the contract. The contracts of lease on land does not provide for any future lease termination and extension options.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities are as follows:

	<u>2023</u>	<u>2022</u>
Gross payments		
Within one year	P 55,717,884	P 54,145,058
From one to two years	57,294,654	55,823,190
From two to three years	70,139,485	57,377,309
From three to four years	72,023,308	70,139,485
From four to five years	74,496,654	72,023,307
More than five years	<u>3,548,425,975</u>	<u>3,622,922,628</u>
	3,878,097,960	3,932,430,977
Total discount	(2,615,241,905)	(2,695,371,494)
Net present value	<u>P 1,262,856,055</u>	<u>P 1,237,059,483</u>

12.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets is presented as Rent under Operating Expenses in the consolidated statements of profit or loss (see Note 20).

12.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P54,646,634, P17,574,742 And P57,537,727 in 2023, 2022 and 2021, respectively. The interest expense in relation to the lease liabilities are presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statement of profit or loss (see Note 22).

13. INVESTMENT PROPERTIES

The Group's investment properties include parcels of land held for development of properties, condominium units and retail building for lease. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2023						
Costs	P 1,353,024,478	P 912,472,958	P 121,565,022	P 2,682,185,384	P 13,589,390,602	P 18,658,638,444
Accumulated depreciation	(147,637,420)	(157,211,650)	(19,774,721)	-	-	(324,623,791)
Carrying amount	<u>P 1,205,387,058</u>	<u>P 755,261,308</u>	<u>P 101,790,301</u>	<u>P 2,682,185,384</u>	<u>P 13,589,390,602</u>	<u>P 18,334,014,653</u>
December 31, 2022						
Costs	P 1,312,033,280	P 910,086,051	P 122,067,668	P 2,682,185,384	P 12,961,598,553	P 17,987,970,936
Accumulated depreciation	(98,114,489)	(126,885,260)	(13,673,654)	-	-	(238,673,403)
Carrying amount	<u>P 1,213,918,791</u>	<u>P 783,200,791</u>	<u>P 108,394,014</u>	<u>P 2,682,185,384</u>	<u>P 12,961,598,553</u>	<u>P 17,749,297,533</u>
December 31, 2021						
Costs	P 776,845,974	P 828,036,331	P 33,036,981	P 5,449,949,151	P 6,306,290,741	P 13,394,159,178
Accumulated depreciation	(49,310,883)	(97,154,410)	(7,570,223)	-	-	(154,035,516)
Carrying amount	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of years 2023, 2022 and 2021 is as follows:

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 1,213,918,791	P 783,200,791	P 108,394,014	P 2,682,185,384	P 12,961,598,553	P 17,749,297,533
Additions	-	-	-	-	1,891,405,985	1,891,405,985
Reclassifications of completed projects	40,991,198	2,386,907	-	-	(43,378,105)	-
Reclassifications to other accounts	-	-	(502,646)	-	(1,220,235,831)	(1,220,738,477)
Depreciation during the year	(49,522,931)	(30,326,390)	(6,101,067)	-	-	(85,950,388)
Balance at December 31, 2023, net of accumulated depreciation	<u>P 1,205,387,058</u>	<u>P 755,261,308</u>	<u>P 101,790,301</u>	<u>P 2,682,185,384</u>	<u>P 13,589,390,602</u>	<u>P 18,334,014,653</u>
Balance at January 1, 2022, net of accumulated depreciation	P 727,535,091	P 730,881,921	P 25,466,758	P 5,449,949,151	P 6,306,290,741	P 13,240,123,662
Additions	250,000	1,535,704	-	-	6,622,774,985	6,624,560,689
Reclassifications	534,937,306	80,514,016	89,030,687	(2,767,763,767)	(32,532,827)	(2,030,748,931)
Depreciation during the year	(48,803,606)	(29,730,850)	(6,103,431)	-	-	(84,637,887)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 1,213,918,791</u>	<u>P 783,200,791</u>	<u>P 108,394,014</u>	<u>P 2,682,185,384</u>	<u>P 12,961,598,553</u>	<u>P 17,749,297,533</u>
Balance at January 1, 2021, net of accumulated depreciation	P 561,426,632	P 476,377,690	P 25,409,488	P 5,742,622,708	P 3,287,906,544	P 10,093,743,062
Additions	696,786	-	-	740,506,424	4,269,412,078	5,037,615,288
Reclassifications	184,643,291	276,075,529	1,665,177	(1,033,179,881)	(1,278,027,881)	(1,848,823,865)
Depreciation during the year	(19,231,618)	(21,571,298)	(1,607,907)	-	-	(42,410,823)
Balance at December 31, 2021, net of accumulated depreciation	<u>P 727,535,091</u>	<u>P 730,881,921</u>	<u>P 25,466,758</u>	<u>P 5,449,949,151</u>	<u>P 6,306,290,741</u>	<u>P 13,240,123,662</u>

In 2023, the Group reclassified certain investment properties with aggregate carrying amount of P1,220,235,831 to real estate inventories (see Note 7) and P502,646 to property and equipment (see Note 11). In 2022, the Group reclassified certain investment properties with aggregate carrying amounts of P729,713,956 and P1,301,034,975 to real estate inventories and property and equipment, respectively (see Note 11). These reclassifications were made as a result of the change in the use of the properties from being held for lease to being held for sale and for use in the operations.

Borrowing costs that are capitalized as part of investment property amounted to P344,938,772 and P101,968,120 in 2023 and 2022, respectively, which represents the specific borrowing costs incurred on loans and corporate notes obtained to fund the construction projects (see Note 15). The capitalization rate used for the borrowings ranges from 5% to 9.25% and 4% to 8% for the years ended December 31, 2023 and 2022, respectively.

Income and expenses from investment properties in 2023, 2022 and 2021 are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Rental income:	18.1			
Retail building		P 93,550,383	P 68,094,916	P 68,244,532
Condominium units		12,631,070	9,789,476	3,882,427
Parking units		2,257,520	1,287,074	728,102
Others		<u>3,904,883</u>	<u>106,093</u>	<u>1,416,939</u>
		<u>P 112,343,856</u>	<u>P 79,277,559</u>	<u>P 74,272,000</u>
Expenses:				
Depreciation	19	P 85,950,388	P 84,637,887	P 42,410,823
Repairs and maintenance	20	-	-	2,041,149
Others	19	<u>771,352</u>	<u>-</u>	<u>63,259</u>
		<u>P 86,721,740</u>	<u>P 84,637,887</u>	<u>P 44,515,231</u>

The depreciation and other expenses are included as part of Cost of Sales and Services in the consolidated statements of profit or loss in 2023, 2022 and 2021 (see Note 19).

Investment properties have a total fair value of P18,422,843,422 and P20,627,177,086 as at December 31, 2023 and 2022, respectively, based on the appraisal done by an independent expert [see Note 32.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Group's investment properties as at December 31, 2023 and 2022 [see also Note 3.2(f)].

Investment properties with a total carrying amount of P7,160,910,550 and P7,165,081,902 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans and borrowings of the Parent Company (see Note 15.1).

14. OTHER NON-CURRENT ASSETS

This account includes the following:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Deferred commissions	P 1,046,459,553	P 728,255,278
Advances to subcontractors	550,104,738	473,134,430
Refundable deposits	152,741,454	128,384,996
Computer software - net	25,314,992	31,362,061
Investment in equity securities	9,375,002	9,375,002
Deferred input VAT	4,624,926	4,624,926
Others	<u>1,342,727</u>	<u>1,934,145</u>
	<u>P 1,789,963,392</u>	<u>P 1,377,070,838</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments, which are expected to be realized at the termination of the contract, to lessors and various payees. These are measured at amortized cost.

The gross carrying amounts and accumulated amortization of Computer software at the beginning and end of 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Cost	P 65,252,045	P 63,337,059
Accumulated amortization	(39,937,053)	(31,974,998)
Carrying amount	<u>P 25,314,992</u>	<u>P 31,362,061</u>

The total additions to computer software amounted to P1,914,986, P3,064,323 and P10,242,943 in 2023, 2022 and 2021, respectively. The amortization expense on the computer software amounted to P7,962,055, P8,831,626 and P8,988,002 in 2023, 2022 and 2021, respectively, and is presented as part of Depreciation and amortization under Operating Expenses (see Note 20).

15. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the consolidated statements of financial position as follows:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Bank loans	15.1	P10,075,486,704	P 7,006,084,463
Corporate notes	15.2	<u>1,491,666,667</u>	<u>1,117,559,524</u>
		<u>11,567,153,371</u>	<u>8,123,643,987</u>
Non-current:			
Bank loans	15.1	20,871,648,528	15,721,660,371
Corporate notes	15.2	<u>9,750,043,837</u>	<u>11,216,986,253</u>
		<u>30,621,692,365</u>	<u>26,938,646,624</u>
		<u>P42,188,845,736</u>	<u>P 35,062,290,611</u>

15.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P22,727,744,834	P 16,181,942,664
Proceeds and drawdowns - net		12,943,572,215	11,749,374,715
Repayments		(4,674,289,221)	(5,262,184,636)
Reclassification	17	(154,500,000)	-
Amortization of debt issue costs		<u>104,607,404</u>	<u>58,612,091</u>
Balance at end of year		<u>P30,947,135,232</u>	<u>P 22,727,744,834</u>

In 2023, the Group reclassified interest-bearing loans obtained from co-venturers to trade and other payables.

The unamortized debt issue cost as at December 31, 2023 and 2022 amounts to P163,081,681 and P107,967,127, respectively. A reconciliation of the unamortized debt issue cost at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 107,967,127	P 64,046,933
Debt issue costs from new loans	159,721,958	102,532,285
Amortization of debt issue cost	(104,607,404)	(58,612,091)
Balance at end of the year	<u>P 163,081,681</u>	<u>P 107,967,127</u>

The loans bear interest rates per annum ranging from 5% to 8.04%, from 4% to 8%, from 1.71% to 6.25% in 2023, 2022, 2021, respectively. Certain loans are collateralized by the specific projects and developments and certain property and equipment for which the loans were obtained. The cost of such projects aggregating to P21,360,041,578 and P19,647,298,478 as at December 31, 2023 and 2022, respectively, are included in the Real Estate Inventory, Property and Equipment and Investment Properties accounts in the consolidated statements of financial position (see Notes 7, 11 and 13).

The Group's new loans bear interest ranging from 5% to 8.04% in 2023 and from 4% to 8% in 2022.

The total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P2,079,945,262, P1,077,091,468 and P612,575,458 in 2023, 2022, 2021, respectively, and of which P1,627,962,447, P817,615,938 and P414,515,526, respectively, were capitalized as part of construction costs of real estate inventory, investment property and property and equipment (see Notes 7, 11 and 13). The capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 5% to 8% and from 4% to 8% in 2023 and 2022, respectively.

15.2 Corporate Notes

The Parent Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totaling P13,000,000,000 and two short-dated notes (SDN) amounting to P2,000,000,000 and P3,000,000,000, respectively.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P12,334,545,777	P 15,839,776,726
Repayments	(1,117,559,524)	(3,545,238,095)
Amortization of debt issue cost	<u>24,724,251</u>	<u>40,007,146</u>
Balance at end of the year	<u>P 11,241,710,504</u>	<u>P 12,334,545,777</u>

The NFA is composed of the following tranches:

<u>NFA</u>	<u>Date Executed</u>	<u>Tranche</u>	<u>Tenor</u>	<u>Principal Amount</u>
LTCN	07/20/2018	Series A	Seven years	P 2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	03/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	<u>1,000,000,000</u>
				<u>P 13,000,000,000</u>
SDN	10/25/2019	SDN 1	18 months from drawdown date	P 2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	<u>3,000,000,000</u>
				<u>P 5,000,000,000</u>

The Parent Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	P <u>3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	3.54% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021 and 2020, the Parent Company recognized debt issuance costs for new NFA amounting to P27,236,842 and P108,124,311, respectively, which has a carrying amount of P77,634,734 and P102,358,985 as at December 31, 2023 and 2022, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2023 and 2022 amounted to P24,724,251 and P40,007,146, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P667,255,268, P836,758,484 and P861,785,646 in 2023, 2022 and 2021, respectively, which was capitalized as part of real estate inventories and investment properties in 2023, 2022 and 2021, respectively (see Notes 7, 11 and 13).

The Parent Company is required to maintain the specifically defined financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Parent Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the consolidated statements of profit or loss, amounted to P451,982,816, P259,475,530 and P196,904,919 in 2023, 2022 and 2021, respectively (see Note 22).

The accrued interest on these loans amounts to P262,413,071 and P136,111,341 as at December 31, 2023 and 2022, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

16. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of P15,000,000,000 fixed rate bonds, which will be offered in one or more tranches within three years.

On October 7, 2022, the Parent Company issued the first tranche of its fixed rate bonds amounting to P5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEX). The bonds have been rated “PRS Aa plus” with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

In 2022, the Company recognized bond issuance costs amounting to P73,372,369 in relation to the issuance of the first tranche of the bonds which has a carrying amount of P52,177,479 and P69,417,369 as at December 31, 2023 and 2022, respectively. In 2023, the Company capitalized a portion of the amortization of bond issuance costs amounting to P14,081,503 as part of real estate inventory, property and equipment and investment property. No similar capitalization in 2022. The Company expensed the amortization amounting to P3,158,387 and P3,955,000, in 2023 and 2022, respectively.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to P357,691,418 and P82,547,408 in 2023 and 2022, respectively, of which P290,834,550 and P67,102,788 was capitalized as part of real estate inventories and investment properties in 2023 and 2022, respectively, and P66,856,868 and P15,444,620 was recognized as interest expense as part of Finance Costs in 2023 and 2022, respectively. No similar transaction in 2021.

The capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.89% to 7.64% and from 6.89% to 7.64% in 2023 and 2022, respectively.

The Parent Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Parent Company is compliant with the requirements.

17. TRADE AND OTHER PAYABLES

The current portion of trade and other payables is composed of the following:

	Note	<u>2023</u>	<u>2022</u>
Unbilled construction costs		P 12,617,790,247	P 10,491,702,481
Trade payables		4,517,518,729	4,357,836,398
Sales commissions payable		3,763,166,755	1,944,995,963
Retention payable		1,112,645,901	968,787,106
Accrued expenses	15	262,413,071	282,466,666
Payable to co-venturers	15	154,500,000	-
Government-related obligations		85,420,412	99,495,460
Output VAT		76,190,277	117,142,226
Advances from NCI		19,344,748	467,105,353
Other payables		<u>326,300,458</u>	<u>114,104,235</u>
		<u>P22,780,790,598</u>	<u>P 18,843,635,888</u>

The non-current portion of trade and other payables is composed of the following:

	<u>2023</u>	<u>2022</u>
Retention payable	P 141,540,119	P 172,064,151
Advance rental	33,282,573	16,072,805
Other payables	<u>10,597,440</u>	<u>6,938,747</u>
	<u>P 185,420,132</u>	<u>P 195,075,703</u>

Unbilled construction costs pertain to estimated obligations to contractors for services already performed but not yet billed to the Group.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the consolidated statements of financial position.

Accrued expenses pertain to accruals for interest, contracted services, security services, professional fees and other recurring accruals in the Group's operations. Current portion of the other payables are mostly construction bonds from various subcontractors.

Advances from NCI pertains to noninterest-bearing advances of certain subsidiaries from non-controlling shareholders.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

18.1 Disaggregation of Contract Revenues

The Group derives revenue from the transfer of goods and services over time and at a point in time. Presented below are revenues from its major product lines and geographical areas for the years ended December 31, 2023, 2022 and 2021.

	2023				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 7,054,772,604	P 4,249,501,336	P 2,444,419,631	P 544,680,899	P 14,293,374,470
At a point in time	<u>1,114,472,339</u>	<u>139,887,766</u>	<u>2,937,687,511</u>	<u>22,880,000</u>	<u>4,214,927,616</u>
	8,169,244,943	4,389,389,102	5,382,107,142	567,560,899	18,508,302,086
<i>Hotel operations</i>					
Over time	138,551,300	-	-	-	138,551,300
<i>Lease of properties</i>					
Over time	112,167,681	-	176,175	-	112,343,856
<i>Render of management services</i>					
Over time	<u>47,828,318</u>	<u>-</u>	<u>11,387,808</u>	<u>-</u>	<u>59,216,126</u>
	<u>P 8,467,792,242</u>	<u>P 4,389,389,102</u>	<u>P 5,393,671,125</u>	<u>P 567,560,899</u>	<u>P 18,818,413,368</u>
	2022				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,339,637,015	P 4,335,738,980	P 5,171,981,673	P 7,441,250	P 14,854,798,918
At a point in time	<u>314,907,742</u>	<u>30,553,637</u>	<u>195,896,965</u>	<u>42,979,100</u>	<u>584,337,444</u>
	5,654,544,757	4,366,292,617	5,367,878,638	50,420,350	15,439,136,362
<i>Hotel operations</i>					
Over time	83,418,279	-	-	-	83,418,279
<i>Lease of properties</i>					
Over time	79,277,559	-	-	-	79,277,559
<i>Render of management services</i>					
Over time	<u>46,653,575</u>	<u>135,000</u>	<u>8,677,228</u>	<u>-</u>	<u>55,465,803</u>
	<u>P 5,863,894,170</u>	<u>P 4,366,427,617</u>	<u>P 5,376,555,866</u>	<u>P 50,420,350</u>	<u>P 15,657,298,003</u>
	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,968,595,568	P 2,519,430,086	P 2,313,454,074	P -	P 10,801,479,728
At a point in time	<u>117,211,523</u>	<u>32,795,711</u>	<u>29,159,733</u>	<u>15,601,000</u>	<u>194,767,967</u>
	6,085,807,091	2,552,225,797	2,342,613,807	15,601,000	10,996,247,695
<i>Hotel operations</i>					
Over time	48,683,577	-	-	-	48,683,577
<i>Lease of properties</i>					
Over time	74,272,000	-	-	-	74,272,000
<i>Render of management services</i>					
Over time	<u>35,645,074</u>	<u>-</u>	<u>7,322,338</u>	<u>-</u>	<u>42,967,412</u>
	<u>P 6,244,407,742</u>	<u>P 2,552,225,797</u>	<u>P 2,349,936,145</u>	<u>P 15,601,000</u>	<u>P 11,162,170,684</u>

18.2 Contract Balance

The breakdown of contract balances is as follows:

	2023	2022
Contract assets - net	P45,093,986,410	P 31,979,063,534
Contract liabilities	(449,338,207)	(598,361,867)
Contract assets - net	<u>P44,644,648,203</u>	<u>P 31,380,701,667</u>

A reconciliation of the opening and closing balance of Contract Assets is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P31,979,063,534	P 20,290,305,185
Performance of property development	18,072,586,633	15,220,156,341
Collections	(4,957,663,757)	(2,546,181,039)
Transfers to contract receivables	<u>-</u>	<u>(985,216,953)</u>
Balance at end of year	<u>P45,093,986,410</u>	<u>P 31,979,063,534</u>

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period. Its classification and presentation in the consolidated statements of financial position is based on the Group's estimate of project completion, hence, any change in estimated completion period affects transfers to contracts receivables.

The Group assesses an ECL when the contract assets are initially recognized and updates the assessment at each reporting date based on the analysis determined by management [see Note 31.2(c)]. The Group's contract assets as at December 31, 2023 and 2022 are presented in the consolidated statements of the financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 26,225,182,718	P 16,208,926,784
Non-current	<u>18,868,803,692</u>	<u>15,770,136,750</u>
	<u>P45,093,986,410</u>	<u>P 31,979,063,534</u>

A reconciliation of the opening and closing balance of Contract Liabilities is shown in below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 598,361,867	P 604,254,603
Revenue recognized that was included in contract liability at the beginning of year	(435,715,453)	(218,980,021)
Increase due to cash received excluding amount recognized as revenue during the year	<u>286,691,793</u>	<u>213,087,285</u>
Balance at end of year	<u>P 449,338,207</u>	<u>P 598,361,867</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted for and presented as Customers' Deposits in the consolidated statements of financial position. The balance of Customers' Deposits amounts to P144,003,765 and P120,250,096 as at December 31, 2023 and 2022, respectively. Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

18.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2023 and 2022 is P26,831,730,439 and P21,166,752,524, respectively. As of December 31, 2023 and 2022, the Group expects to recognize revenue from unsatisfied contracts as follows:

	<u>2023</u>	<u>2022</u>
Within a year	P16,468,635,728	P 10,644,823,054
More than one year to three years	<u>10,363,094,711</u>	<u>10,521,929,470</u>
	<u>P26,831,730,439</u>	<u>P 21,166,752,524</u>

19. COST OF SALES AND SERVICES

Components of costs of sales and services are analyzed below (see Note 20).

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of real estate sales:				
Contracted services	20	P6,756,086,995	P 6,542,806,165	P 4,846,649,738
Borrowing costs	20	1,203,143,299	460,629,194	307,427,540
Land	20	1,197,636,227	1,126,978,391	623,070,696
Other costs		<u>310,747,305</u>	<u>95,620,574</u>	<u>113,233,414</u>
		<u>9,467,613,826</u>	<u>8,226,034,324</u>	<u>5,890,381,388</u>
Cost of rental services:				
Depreciation		85,950,388	84,637,887	42,410,823
Others		<u>771,352</u>	<u>-</u>	<u>63,259</u>
	13	<u>86,721,740</u>	<u>84,637,887</u>	<u>42,474,082</u>
Cost of management services:				
Salaries and wages		31,404,255	24,220,828	18,716,268
Materials and supplies		<u>250</u>	<u>53,709</u>	<u>23,929</u>
		<u>31,404,505</u>	<u>24,274,537</u>	<u>18,740,197</u>
Cost of hotel operations:				
Materials and supplies		17,448,513	9,293,657	5,944,099
Salaries and wages		13,621,634	11,235,316	9,147,270
Advertising and promotion		8,744,778	3,256,197	572,891
Utilities		6,836,731	4,454,328	2,366,117
Others		<u>7,955,802</u>	<u>4,449,304</u>	<u>2,663,620</u>
		<u>54,607,458</u>	<u>32,688,802</u>	<u>20,693,997</u>
		<u>P9,640,347,529</u>	<u>P 8,367,635,549</u>	<u>P 5,972,289,664</u>

20. COSTS AND EXPENSES BY NATURE

Details of costs and expenses by nature are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contracted services	19	P 6,756,086,995	P 6,542,806,165	P 4,846,649,738
Borrowing costs	7, 15, 19	1,203,143,299	460,629,194	307,427,540
Land	19	1,197,636,227	1,126,978,391	623,070,696
Commissions	9	1,098,413,229	847,167,494	725,648,666
Salaries and employee benefits	24.1	640,179,561	540,416,163	450,644,706
Taxes and licenses		246,525,634	323,092,809	352,965,277
Depreciation and amortization	11, 12, 13, 14	186,911,151	170,626,662	121,798,863
Advertising		114,388,720	71,973,193	43,175,289
Repairs and maintenance	13	75,373,439	87,599,940	19,427,792
Utilities		67,068,697	50,536,408	37,931,503
Hotel operations		54,607,458	32,688,802	20,693,997
Security services		46,363,199	35,588,415	19,179,307
Insurance		41,993,315	27,249,959	18,401,367
Transportation and travel		39,391,380	40,131,671	13,040,272
Rent	12.3, 29.2	38,696,975	24,410,422	23,699,072
Association dues		37,178,773	34,626,976	19,337,420
Representation and entertainment		36,342,834	33,552,413	20,694,266
Professional and legal fees		27,865,251	29,603,118	55,365,530
Donations		27,231,797	13,629,849	110,667,997
Supplies		19,240,550	21,027,969	12,178,787
Subscription and membership dues		18,002,477	14,108,468	15,313,005
Management fee		14,633,689	11,767,780	7,965,205
Communications		8,338,820	8,540,822	10,374,788
Trainings and seminars		1,604,995	1,463,617	880,012
Others		427,763,973	186,351,802	46,097,279
		<u>P 12,424,982,438</u>	<u>P 10,736,568,502</u>	<u>P 7,922,628,374</u>

These costs and expenses are classified in the consolidated statements of profit or loss as follows:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of sales and services	19	P 9,640,347,529	P 8,367,635,549	P 5,972,289,664
Operating expenses		<u>2,784,634,909</u>	<u>2,368,932,953</u>	<u>1,950,338,710</u>
		<u>P 12,424,982,438</u>	<u>P 10,736,568,502</u>	<u>P 7,922,628,374</u>

21. OTHER OPERATING INCOME AND OTHER LOSSES

21.1 Other Operating Income

This account is composed of the following:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Reversal of payables	P	115,283,578	P 40,320	P 61,973,774
Documentation fee		30,657,165	13,604,956	11,045,486
Move-in fee income		19,520,069	38,348,832	41,299,914
Water service fee		16,337,568	14,260,920	11,150,077
Utilities charged to tenants		16,034,536	5,612,043	6,660,345
Sponsorships		14,056,920	7,957,554	2,125,098
Administrative charges		11,619,322	91,633,272	67,830,520
Late payment penalties charged to customers		10,753,489	7,524,767	2,612,361
Scrap sales		3,638,108	3,389,340	3,837,069
Foreign exchange gains		2,195,803	6,454,820	2,108,206
Referral incentive		1,396,796	2,240,129	609,488
Gain on remeasurement of investment in associates	10.1	-	-	32,438,511
Concession income		-	-	1,733,355
Others		<u>15,997,370</u>	<u>11,475,800</u>	<u>11,804,986</u>
		<u>P 410,779,779</u>	<u>P 202,542,753</u>	<u>P 257,229,190</u>

Reversal of payables pertains to outstanding payables related to advances from buyers in excess of the paid transfer charges and move-in fees, which are not refunded to the buyers. It also includes outstanding payables from cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay and income from the write-off of long-outstanding unidentified deposits.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

Administrative charges include standard fees charged to the buyers and non-refundable portion of the buyers' payment upon withdrawal from sale.

21.2 Other Losses

This account is composed of the following:

		<u>2023</u>	<u>2022</u>	<u>2021</u>
Foreign exchange losses	P	3,338,765	P 8,205,863	P 2,716,588
Loss (gain) on sale of assets – net		17,410	(128,365)	16,577
Losses due to typhoon		-	-	129,839,360
Other losses		<u>453,506</u>	<u>(128,365)</u>	<u>16,577</u>
		<u>P 3,809,681</u>	<u>P 8,077,498</u>	<u>P 132,572,525</u>

On December 16, 2021, severe tropical storm “Odette” affected some of the Group’s projects in Cebu. CLI, El Camino, MGR and BL Ventures reported calamity damages, net of estimated insurance claims totaling P129,839,360 in the consolidated statement of profit or loss in 2021. The affected entities above filed notarized declarations of casualty losses on February 23, 2022.

22. FINANCE COSTS

This is composed of the following:

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest expense on:				
Loans	15	P 451,982,816	P 259,475,530	P 196,904,919
Lease liabilities	12.4	80,167,300	75,629,879	67,139,552
Bonds	16	66,856,868	15,444,620	-
Post-employment defined benefit obligation	24.3	428,176	241,469	24,537
Day one loss, net of amortization of day one loss on non-current contract receivables	6	<u>3,751,672</u>	<u>257,332</u>	<u>-</u>
		<u>P 603,186,832</u>	<u>P 351,048,830</u>	<u>P 264,069,008</u>

Interest expense on loans and bonds are the portion not capitalized as part of real estate inventories, property and equipment, and investment properties. (see Notes 7, 11 and 13).

23. FINANCE INCOME

This is composed of the following:

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest income on banks	5	P 13,874,699	P 14,664,879	P 6,528,935
Amortization of day one loss on non-current contract receivables - net	6	-	-	1,160,937
Others		<u>1,108,707</u>	<u>154,487</u>	<u>-</u>
		<u>P 14,983,406</u>	<u>P 14,819,366</u>	<u>P 7,689,872</u>

24. EMPLOYEE BENEFITS

24.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		P 633,424,448	P 532,826,554	P 446,042,346
Post-employment defined benefit expense	24.3	4,639,127	4,583,769	4,602,360
Share options	24.2, 27.4	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	20	<u>P 640,179,561</u>	<u>P 540,416,163</u>	<u>P 450,644,706</u>

24.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the consolidated statements of profit or loss, amounted to P2,115,986 and P3,005,840 in 2023 and 2022, respectively (see Note 24.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the consolidated statements of financial position (see Note 27.4).

24.3 Post-Employment Benefit Plan

(a) *Characteristics of the Defined Benefit Plan*

The Group maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Group. The trustee bank manages the fund in coordination with the Group's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Group's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) *Explanation of Amounts Presented in the Consolidated Financial Statements*

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2023 and 2022.

The amounts of post-employment defined benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of the obligation	P 53,883,058	P 44,024,728
Fair value of plan assets	(43,487,144)	(34,634,633)
	<u>P 10,395,914</u>	<u>P 9,390,095</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 44,024,728	P 40,124,208
Current service cost	4,639,127	4,583,769
Interest cost	3,178,585	2,038,310
Benefits paid	(2,979,086)	(765,844)
Remeasurements - actuarial losses (gains) arising from:		
Changes in financial assumptions	(2,343,401)	(4,166,909)
Experience adjustments	<u>2,676,303</u>	<u>2,211,194</u>
Balance at end of year	<u>P 53,883,058</u>	<u>P 44,024,728</u>

The movements in the fair value of plan assets are presented below.

	<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 34,634,633	P	35,370,879
Contributions to the plan	6,919,362		-
Interest income	2,750,409		1,796,841
Remeasurement on plan assets (excluding amounts included in net interest)	(817,260 )	(	2,533,087)
Balance at end of year	<u>P 43,487,144</u>	P	<u>34,634,633</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2023</u>		<u>2022</u>
Unitized investment funds	P 35,963,869	P	29,623,378
Government debt securities	6,901,410		4,888,091
Cash and cash equivalents	530,543		84,245
Receivables	<u>91,322</u>		<u>38,919</u>
	<u>P 43,485,764</u>	P	<u>34,634,633</u>

The fair values of the above unitized investment funds and government debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized gains of P1,933,149 in 2023. In 2022 and 2021 the plan assets recognized losses and gains of P736,246 and P507,111, respectively.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	<u>2023</u>		<u>2022</u>		<u>2021</u>
<i>Recognized in profit or loss</i>					
Current service cost - net	P 4,639,127	P	4,583,769	P	4,602,360
Net interest expense on defined benefit obligation	<u>428,176</u>		<u>241,469</u>		<u>24,537</u>
	<u>P 5,067,303</u>	P	<u>4,825,238</u>	P	<u>4,626,897</u>
<i>Recognized in other comprehensive loss (income)</i>					
Actuarial losses (gains) arising from changes in:					
Financial assumptions	P 2,343,401	(P	4,166,909)	P	2,431,649
Demographic assumptions	-		-	(	2,420,116)
Experience adjustments	2,676,303		2,211,194	(	1,316,633)
Remeasurement of plan assets (excluding amounts included in net interest expense)	<u>817,260</u>		<u>2,533,087</u>		<u>870,008</u>
	<u>P 5,836,964</u>	P	<u>577,372</u>	(P	<u>435,092</u>)

The net interest expense is included in Finance Costs in profit or loss (see Note 22).

Amounts recognized in other comprehensive loss were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rates	6.12%	7.22%	5.08%
Salary increase rates	7%	7%	7%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 25 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are as follows:

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	<u>Impact on Post-employment Defined Benefit Obligation</u>		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
December 31, 2023			
Discount rate	+/-1.0%	(P 2,148,365)	P 1,759,621
Salary increase rate	+/-1.0%	2,571,038	(1,514,962)
December 31, 2022			
Discount rate	+/-1.0%	(P 1,499,020)	P 1,759,621
Salary increase rate	+/-1.0%	1,745,813	(1,514,962)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P102,849,832 and P64,956,547 in 2023 and 2022, respectively.

The foregoing sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used In preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-Liability Matching Strategies*

To efficiently manage the retirement plan, the Group, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the post-employment obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

The Group does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	<u>2023</u>		<u>2022</u>
Within one year	P 36,662,697	P	31,203,897
More than one year to five years	11,257,978		10,454,910
More than five years to ten years	<u>11,757,739</u>		<u>11,154,743</u>
	<u>P 59,678,414</u>	P	<u>52,813,550</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.7 years.

25. CURRENT AND DEFERRED TAXES

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P280,801,696 and such was recognized in the 2021 profit or loss and in other comprehensive income.

The Group is registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Group enjoys an income tax holiday on the BOI-registered projects within three to four taxable years from its registration. The Group has 8 and 10 registered projects with BOI as of December 31, 2023 and 2022, respectively.

The components of tax expense relating to profit or loss and other comprehensive loss (income) are as shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
RCIT tax at 25%	P 264,650,963	P 173,257,102	P 81,211,577
Final income tax	2,792,536	2,915,541	1,212,829
MCIT	1,385,046	2,061,395	-
Adjustment in 2020 income taxes due to change in income tax rates	<u>-</u>	<u>-</u>	<u>(11,812,475)</u>
	<u>268,828,645</u>	<u>178,234,038</u>	<u>70,611,931</u>
Deferred tax expense arising from:			
Origination and reversal of temporary differences	1,287,346,374	981,479,199	643,829,225
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(281,722,112)</u>
	<u>1,287,346,374</u>	<u>981,479,199</u>	<u>362,107,113</u>
	<u>P1,556,175,019</u>	<u>P1,159,713,237</u>	<u>P 432,719,044</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in other comprehensive income (loss):</i>			
Deferred tax income (expense)			
arising from:			
Origination and reversal of temporary differences	P 1,459,241	P 144,343	(P 108,773)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>920,416</u>
	<u>P 1,459,241</u>	<u>P 144,343</u>	<u>(P 1,029,189)</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the consolidated statements of profit or loss is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P1,549,798,666	P 1,191,901,096	P 775,897,665
Adjustments for income subject to lower tax rate	(593,661)	(749,364)	(318,128)
Tax effects of:			
Tax-exempt real estate sales	(2,801,680)	(31,596,098)	(60,528,608)
Non-deductible expenses	6,454,513	7,015,969	8,500,064
Changes in unrecognized deferred tax assets	3,317,181	(6,858,366)	2,702,648
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(293,534,597)</u>
Tax expense	<u>P1,556,175,019</u>	<u>P1,159,713,237</u>	<u>P 432,719,044</u>

The net deferred tax liabilities relate to the following as of December 31:

	<u>2023</u>	<u>2022</u>
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 4,725,923,261	P 3,314,825,173
Rental income	15,649,234	5,515,232
Post-employment defined benefit asset	875,788	875,788
Others	<u>255,466</u>	<u>11,541</u>
	<u>4,742,703,749</u>	<u>3,321,227,734</u>
Deferred tax assets:		
Sales commissions	301,763,750	216,383,222
Net operating loss carry-over (NOLCO)	63,865,699	34,044,857
Net lease liabilities	46,784,773	33,211,533
Post-employment defined benefit obligation	3,116,095	2,070,585
Unamortized past service cost	1,486,199	1,774,557
MCIT	1,262,043	327,168
Employee stock option	644,905	115,908
Allowance for impairment	560,566	464,599
Others	<u>5,371,246</u>	<u>873,965</u>
	<u>424,855,276</u>	<u>289,266,394</u>
	<u>P 4,317,848,473</u>	<u>P 3,031,961,340</u>

The components of deferred tax expense (income) are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Deferred tax liabilities:			
Difference between tax reporting base and financial reporting base used in sales recognition	P 1,411,674,333	P 1,078,452,609	P 335,614,825
Rental income	10,134,002	621,241	2,489,526
Post-employment defined benefit asset	-	(2,802,029)	(1,061,941)
Others	(4,253,356)	(2,214,351)	(278,254)
Deferred tax assets:			
Sales commissions	(85,380,528)	(60,477,471)	46,547,593
NOLCO	(29,820,842)	(21,179,834)	(10,891,790)
Net lease liabilities	(13,573,240)	(12,160,455)	(11,017,733)
MCIT	(934,875)	(327,169)	-
Employee stock options	(528,997)	(115,908)	-
Post-employment defined benefit obligation	413,731	1,724,845	(153,402)
Amortization of past service cost	(287,887)	272,146	888,899
Allowance for impairment	(95,967)	(314,425)	(30,610)
	<u>P 1,287,346,374</u>	<u>P 981,479,199</u>	<u>P 362,107,113</u>
<i>Reported in other comprehensive income:</i>			
Post-employment defined benefit obligation	(P 1,459,241)	(P 144,343)	P 1,029,189

NOLCO can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred except for NOLCO incurred in 2022 and 2021 by certain subsidiaries, which can be claimed as deduction from gross income until 2026 and 2025, respectively, in accordance with RA 11494, *Bayanihan to Recover as One Act*. Details of the Group's NOLCO are shown below.

<u>Inception Year</u>	<u>Amount</u>	<u>Utilized</u>	<u>Balance</u>	<u>Expiry Year</u>
2023	P 99,701,640	P -	P 99,701,640	2026
2022	104,742,663	(6,054,747)	98,687,916	2025
2021	84,017,743	(18,257,985)	65,759,758	2026
2020	<u>24,135,885</u>	<u>(2,085,519)</u>	<u>22,050,366</u>	2025
	<u>P 312,597,931</u>	<u>(P 26,398,251)</u>	<u>P 286,199,680</u>	

The Group has deferred tax assets related to NOLCO of P7,684,221 and P17,463,815 as at December 31, 2023 and 2022, respectively, which were not recognized because the subsidiaries to which such are attributable may not be able to generate enough taxable profit yet within the validity period of NOLCO for the assets to be recovered. As at December 31, 2023, only the Parent Company, CCPH, YHES and SPE are subject to MCIT, which is computed at the applicable rate (1% before July 1, 2023 and 2% thereafter) of gross income net of allowable deductions, as defined under the tax regulations or to RCIT, whichever is higher. Other components of the Group are not yet subject to MCIT as those have not operated beyond four taxable years. The Group reported MCIT amounting to P1,385,046 and P2,061,395 in 2023 and 2022, respectively.

The Group opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction. Furthermore, it opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2023, 2022 and 2021.

26. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent or ABS, entities under common ownership, associates, shareholders, the Group's key management personnel, its retirement fund. A summary of the Group's transactions and outstanding balances with related parties is presented below.

	Notes	Amount of Transaction			Outstanding Balance	
		2023	2022	2021	2023	2022
Ultimate Parent Company						
Real estate sales	26.2	P 4,363,528	P 15,445,769	P 96,272,362	P 685,584	P 75,822,632
Cancellation of sales	26.2	79,849,031	-	-	-	-
Entities under Common Ownership						
Advances (collections)	26.1	10,835,561	(22,000,465)	35,500,674	46,236,770	35,401,209
Associates						
Advances (collections)	26.1	1,958,865	368,535	(16,907)	2,359,997	401,132
Key Management Personnel						
Real estate sales	26.3	-	34,868,415	52,101,000	-	53,973,659
Compensation	26.4	209,130,536	149,885,801	122,750,352	-	-

Based on management's assessment, no impairment loss is required to be provided on the Group's receivables from related parties as at December 31, 2023 and 2022. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions are discussed as follows:

26.1 Advances to Related Parties

The Group grants cash advances to shareholders, entities under common ownership and associates. An analysis of such advances in 2023 and 2022 is presented below.

	Entities Under Common Ownership		Associates	Total
Balance at January 1, 2023	P 35,401,209	P 401,132	P 35,802,341	
Additional advances	10,835,561	1,958,865	12,794,426	
Balance at December 31, 2023	P 46,236,770	P 2,359,997	P 48,596,767	
Balance at January 1, 2022	P 57,401,674	P 32,597	P 57,434,271	
Additional advances	-	368,535	368,535	
Collections	(22,000,465)	-	(22,000,465)	
Balance at December 31, 2022	P 35,401,209	P 401,132	P 35,802,341	

The outstanding balances from these transactions, which are payable on demand, unsecured and noninterest-bearing, are presented as Due from related parties in the consolidated statements of financial position.

26.2 Real Estate Sales to Ultimate Parent Company

In 2023, 2022, and 2021, CLI sold condominium units to ABS. The outstanding balance related to these transactions are noninterest-bearing and due on demand, and is presented as part of Contract Receivables under the Receivables account in the consolidated statements of financial position (see Note 6).

In 2023, the Group cancelled the sale of a single floor at Baseline HQ made to ABS on December 2017.

26.3 Real Estate Sales to Key Management Personnel

In 2022 and 2021, CLI sold condominium units to key management personnel. The outstanding balance related to these transactions are noninterest-bearing, collectible similarly to the sale of real estate units to customers, is presented as part of Contract receivables under the Receivables account in the 2022 consolidated statement of financial position (see Note 6). There is no similar transaction in 2023.

26.4 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2023, 2022 and 2021 is shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	P 159,664,014	P 141,949,540	P 121,082,068
Post-employment benefits	47,350,536	4,930,421	1,668,284
Share options	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	<u>P 209,130,536</u>	<u>P 149,885,801</u>	<u>P 122,750,352</u>

26.5 Retirement Fund

CLI's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2023 and 2022 consists of the contributions to the plan and interest earned (see Note 24.3). The plan assets do not comprise investment in any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

27. EQUITY

27.1 Capital Stock

Details of the Parent Company's authorized capital stock as of December 31, 2023 and 2022 are as follows:

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Preferred shares				
Authorized				
Series A – P1.00 par value	1,000,000,000		P 1,000,000,000	
Series B – P0.10 par value	<u>1,000,000,000</u>		<u>100,000,000</u>	
Total	<u>2,000,000,000</u>	<u>1,000,000,000</u>	<u>P 1,100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value				
Authorized	<u>9,000,000,000</u>	<u>10,000,000,000</u>	<u>P 9,000,000,000</u>	<u>P 10,000,000,000</u>
Issued:				
Balance at beginning and end of year	3,623,451,997	3,623,451,997	P 3,623,451,997	P 3,623,451,997
Treasury shares	(<u>158,250,530</u>)	<u>(158,250,530)</u>	(<u>732,664,604</u>)	<u>(732,664,604)</u>
Issued and outstanding	<u>3,465,201,467</u>	<u>3,465,201,467</u>	<u>P 2,890,787,393</u>	<u>P 2,890,787,393</u>

The par value of the authorized preferred shares in 2022 is P0.10 per share. There is no issued preferred stock as at December 31, 2023 and 2022.

On April 25, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI) of CLI to reallocate the authorized capital stock of P10,100,000,000 to be divided as follows:

- (a) 9,000,000,000 common shares with a par value of P1 per share;
- (b) 1,000,000,000 Series A preferred shares with a par value of P1 per share; and,
- (c) 1,000,000,000 Series B preferred shares with a par value of P0.10 per share.

The amendment to the AOI was later approved by the stockholders on June 1, 2023. On October 18, 2023, the SEC officially accepted CLI's application for the amendment of its AOI, which was later approved on December 29, 2023.

The share price of the Parent Company's common stock closed at P2.47 and P2.80 per share on December 29, 2023 and 2022, respectively, the last trading day in the PSE for 2023 and 2022.

The Company has no other listed equity securities as at December 31, 2023 and 2022.

27.2 Additional Paid-in Capital

On June 2, 2017, the Parent Company made an initial public offering (IPO) of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000. Accordingly, the Parent Company recognized additional paid-in capital of P1,608,917,974 in the consolidated statements of financial position after deducting the related share issuance costs of P111,082,026.

27.3 Treasury Shares

An analysis of treasury shares as of December 31, 2023 and 2022, respectively is shown below.

	<u>Shares</u>		<u>Amount</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	158,250,530	161,600,000	P 732,664,604	P 748,171,901
Re-issuance of shares	-	(3,349,470)	-	(15,507,297)
Balance at end of year	<u>158,250,530</u>	<u>158,250,530</u>	<u>P 732,664,604</u>	<u>P 732,664,604</u>

On February 27, 2018, the BOD of the Parent Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options (see Note 27.4).

On March 27, 2020, the BOD of the Parent Company approved an additional P500,000,000 stock buy-back program over the next two years.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. No additional shares were reacquired in 2022.

In 2022, the Parent Company has reissued 3,349,470 shares of treasury shares as a result of exercise of the same number of stock options (Note 27.4).

The common stock of the Parent Company that is held under nominee accounts totaled 1,285,302,905 shares and 1,307,052,405 shares as of December 31, 2023 and 2022, respectively. This represents 35% and 36% of the Parent Company's outstanding shares as of December 31, 2023 and 2022, respectively.

27.4 Employee Share Option

On October 6, 2021, the BOD of the Parent Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Parent Company at a price of P2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Parent Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Parent Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;
- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

In 2022, a total of 3,349,470 share options were exercised at a price of P2.40 per share using the Parent Company treasury shares (see Note 27.3).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P2.86
Average exercise price at grant date	P2.43
Average fair value at grant date	P0.15
Average standard deviation of share price returns	20.17%
Average dividend yield	14.95%
Average risk-free investment rate	2.59%

The underlying expected volatility was determined by reference to historical prices of the Parent Company's shares.

Share option benefits expense, which is included as part of Salaries and employee benefits under the Operating Expenses account, amounting to P2,115,986 and P3,005,840 was recognized in 2023 and 2022, respectively (see Note 24.1), while the corresponding credit to Share Options Outstanding account is presented as part of Equity Attributable to Owners of the Parent Company under the Equity section of the consolidated statements of financial position.

27.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statement of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		(P 13,910,501)	(P 13,477,472)	(P 12,883,375)
Other comprehensive income:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	24.3	(5,836,964)	(577,372)	435,092
Tax income (expense)	25	<u>1,459,241</u>	<u>144,343</u>	<u>(1,029,189)</u>
		<u>(4,377,723)</u>	<u>(433,029)</u>	<u>(594,097)</u>
Balance at end of year		<u>(P 18,288,224)</u>	<u>(P 13,910,501)</u>	<u>(P 13,477,472)</u>

27.6 Retained Earnings

(a) Cash Dividends

On March 15, 2021, the Parent Company's BOD declared cash dividend of P0.25 per share totaling P388,749,900 to stockholders on record as of April 16, 2021 and was paid on May 10, 2021.

On March 15, 2022, the Parent Company's BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,221 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,265 to stockholders on record as of April 18, 2023. Such dividends were paid on April 28, 2023.

(b) Appropriations

On November 23, 2023 and December 6, 2022, the Parent Company's BOD approved the appropriation of P6,324,658,043 and P3,931,475,893, respectively, from its retained earnings for the construction of various real estate projects. The real estate projects are expected to be completed from dates ranging from the first quarter of 2023 until the second quarter of 2030.

The Parent Company released the appropriated retained earnings in 2022 amounting to P3,341,330,930 in 2023 and appropriated retained earnings in 2021 amounting to P172,049,912 in 2022 to unrestricted retained earnings after partial fulfillment of its intended purpose.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

In 2021, no appropriation has been made by the Parent Company and a release of P3,777,454,711 from previous appropriations was made.

27.7 Non-controlling Interests

The subsidiaries of the Group with significant NCI as at December 31, 2023, 2022 and 2021 are as follows:

Subsidiaries	NCI Ownership %			NCI Equity in Subsidiaries		
	2023	2022	2021	2023	2022	2021
YHEST	50%	50%	50%	P 4,361,054,926	P 3,875,590,923	P 3,706,027,295
CHDI	50%	50%	50%	1,548,403,514	786,666,552	672,519,752
El Camino	65%	65%	65%	1,086,949,888	1,122,368,628	1,113,400,062
YHES	50%	50%	50%	907,960,322	686,512,645	605,533,074
CBLRV	50%	50%	50%	416,435,594	105,222,808	98,733,293
GGTT	50%	50%	50%	393,007,824	267,015,020	90,043,506
CCLI	50%	50%	50%	158,489,937	91,485,695	96,831,317
CLI-LITE	12%	12%	12%	152,524,190	124,588,359	124,729,968
YES	50%	50%	50%	95,705,218	181,981,225	243,297,814
MDC	22%	22%	22%	79,728,192	79,813,515	59,453,985
MGR	55%	55%	55%	69,697,228	101,114,684	172,090,942
SPE	36%	36%	36%	46,960,280	14,296,286	(18,518,426)
BL Ventures	50%	50%	50%	28,437,150	74,395,398	128,164,739
				P 9,345,354,263	P 7,511,051,738	P 7,092,307,321

The analysis of the movement of NCI as at December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Balance at beginning of year	P 7,511,051,738	P 7,092,307,321	P 6,895,639,697
Share in net profit during the year	1,067,182,525	437,003,407	57,934,293
New and additional investments	879,500,000	61,641,010	226,733,331
Dividends	(112,380,000)	(79,900,000)	(88,000,000)
Balance at end of year	P9,345,354,263	P7,511,051,738	P7,092,307,321

The new and additional investments came from the non-controlling shareholders of CHDI, CBLRV, CCLI and SPE in 2023, from the non-controlling shareholders of SPE and MDC in 2022, and from the non-controlling shareholders of CLI-LITE in 2021.

The dividends came from MGR and BL Ventures and YES in 2023, from MGR and BL Ventures, and only from MGR in 2021.

The summarized balance sheets of the subsidiaries with significant NCI before intragroup eliminations for the years ended December 31, 2023 and 2022 are shown below and in the succeeding page.

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2023					
YHEST	P 7,734,595,875	P 3,546,876,031	P 1,859,479,842	P 699,882,212	P 8,722,109,852
CHDI	4,599,085,997	754,108,027	1,421,802,775	834,584,221	3,096,807,028
El Camino	3,356,543,217	1,905,626,745	2,128,113,784	1,461,825,581	1,672,230,597
YHES	2,269,517,130	3,448,370,957	2,088,005,396	1,813,962,047	1,815,920,644
CBLRV	681,079,710	1,360,702,524	892,598,764	316,312,282	832,871,188
GGTT	469,201,653	1,417,731,748	725,244,756	375,672,997	786,015,648
CCLI	147,574,518	1,385,762,580	282,662,087	933,695,137	316,979,874
CLI-LITE	695,597,554	1,473,557,615	703,143,944	245,817,705	1,220,193,520
YES	379,897,473	165,518,020	263,099,988	90,905,069	191,410,436
MDC	364,415,785	-	2,014,912	-	362,400,873
MGR	181,224,979	642,056	42,574,704	12,570,098	126,722,233
SPE	56,236,350	420,821,441	80,356,451	266,256,118	130,445,222
BL Ventures	76,490,553	668,892,636	369,764,081	318,744,808	56,874,300

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity
December 31, 2022					
YHEST	P 4,123,628,226	P 3,372,951,634	P 930,337,608	P 91,670,042	P 6,474,572,210
El Camino	3,265,465,140	2,368,266,476	1,437,453,690	2,469,023,658	1,727,254,268
CHDI	3,619,552,664	682,792,917	2,090,465,890	638,546,595	1,573,333,096
YHES	1,486,953,404	2,939,090,975	1,865,621,402	1,187,137,129	1,373,285,848
CLI-LITE	410,122,908	740,515,353	390,783,076	3,296,816	756,558,369
GGTT	383,824,261	1,055,346,456	533,367,538	244,043,137	661,760,042
YES	951,126,375	26,757,666	478,859,125	135,062,460	363,962,456
CBLRV	629,852,008	276,739,032	624,205,689	69,113,940	213,271,411
MGR	260,752,902	861,935	53,427,339	20,967,617	187,219,881
CCLI	218,137,796	716,187,814	86,343,000	665,011,219	182,971,391
MDC	178,469,710	-	1,865,870	-	176,603,840
BL Ventures	152,023,688	694,170,706	294,560,741	402,863,601	148,770,052
SPE	54,658,372	396,273,145	55,767,420	253,537,865	141,626,232

The summarized comprehensive income of the subsidiaries with significant NCI before intragroup eliminations for the years ended December 31, 2023, 2022 and 2021 is shown below.

	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
2023			
YHEST	P 2,865,787,323	P 970,928,006	P -
YHES	987,027,818	442,895,354	-
CBLRV	954,184,151	337,425,572	-
CHDI	1,012,029,844	289,473,924	-
GGTT	604,200,731	251,985,607	-
CLI-LITE	637,386,548	223,486,648	-
BL Ventures	50,452,086	(75,116,496)	-
El Camino	249,507,623	(59,490,369)	-
YES	22,310,048	(32,352,014)	-
SPE	-	(20,377,794)	-
CCLI	-	(25,991,516)	-
MGR	61,948,129	4,477,353	-
MDC	-	(381,832)	-
2022			
GGTT	P 820,847,579	P 354,846,240	P -
YHEST	868,396,211	339,127,564	-
CHDI	844,564,708	228,293,599	-
YHES	622,016,164	162,027,169	-
YES	166,545,780	(122,633,178)	-
BL Ventures	(4,367,243)	(90,732,683)	-
SPE	-	(24,517,493)	-
El Camino	408,514,109	13,797,794	-
CBLRV	34,842,825	12,979,029	-
CCLI	-	(10,691,245)	-
CLI-LITE	-	(1,156,876)	-
MGR	(26,999,881)	952,259	-
MDC	-	(413,395)	-
2021			
YHES	P 342,152,332	P 129,664,463	P -
YES	27,963,542	(102,856,292)	-
El Camino	726,343,098	81,621,893	-
GGTT	221,930,052	80,087,011	-
CHDI	176,756,441	35,869,739	-
MGR	(12,991,772)	(35,069,128)	-
BL Ventures	39,771,377	(35,002,671)	-
SPE	-	(24,179,468)	-
YHEST	-	(19,396,226)	-
CCLI	-	(16,440,305)	-
CLI-LITE	-	(13,060,257)	-
MDC	-	(3,274,357)	-
CBLRV	-	(1,398,623)	-

The allocation of profit or loss between the Parent Company and NCI as follows:

	<u>Parent Company's Shareholders</u>	<u>NCI</u>	<u>Net profit</u>
2023			
YHEST	P 485,464,003	P 485,464,003	P 970,928,006
YHES	221,447,677	221,447,677	442,895,354
CBLRV	168,712,786	168,712,786	337,425,572
CHDI	144,736,962	144,736,962	289,473,924
GGTT	125,992,803	125,992,804	251,985,607
CLI-LITE	195,550,817	27,935,831	223,486,648
BL Ventures	(37,558,248)	(37,558,248)	(75,116,496)
El Camino	(19,071,629)	(35,418,740)	(54,490,369)
YES	(16,176,007)	(16,176,007)	(32,352,014)
SPE	(13,041,788)	(7,336,006)	(20,377,794)
CCLI	(12,995,758)	(12,995,758)	(25,991,516)
MGR	2,014,809	2,462,544	4,477,353
MDC	(302,509)	(85,323)	(387,832)
2022			
GGTT	P 177,423,120	P 177,423,120	P 354,846,240
YHEST	169,563,782	169,563,782	339,127,564
CHDI	114,146,799	114,146,800	228,293,599
YHES	81,013,584	81,013,585	162,027,169
YES	(61,316,589)	(61,316,589)	(122,633,178)
BL Ventures	(45,466,342)	(45,366,341)	(90,732,683)
SPE	(15,691,196)	(8,826,297)	(24,517,493)
El Camino	4,829,228	8,968,566	13,797,794
CBLRV	6,489,514	6,489,515	12,979,029
CCLI	(5,345,623)	(5,345,622)	(10,691,245)
CLI-LITE	(1,012,266)	(144,609)	(1,156,876)
MGR	428,517	523,742	952,259
MDC	(321,167)	(92,228)	(413,395)

28. EARNINGS PER SHARE

EPS is computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income available to common stockholders	P3,575,837,120	P 3,170,887,739	P 2,612,937,324
Divided by weighted average number of outstanding common shares	<u>3,465,201,467</u>	<u>3,464,364,100</u>	<u>2,507,833,165</u>
Basic and diluted EPS	<u>P 1.03</u>	<u>P 0.92</u>	<u>P 1.04</u>

The Parent Company granted share options to qualified officers (see Note 27.4). The basic and diluted earnings per share in 2023 and 2022 are the same because the dilutive effects of potential common shares from the employee share options are negligible for the periods presented. The maximum increase in the weighted average number of outstanding shares from the exercise of employee shares options in 2023 and 2022 amounting to 10,876,872 shares and 4,773,547 shares, respectively, which results in the same EPS amounts.

Aside from the employee share options, there were no instruments that could potentially dilute basic earnings per share in 2023, 2022, and 2021; hence, basic EPS is the same as diluted EPS.

29. COMMITMENTS AND CONTINGENCIES

29.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under several operating leases covering certain condominium and parking units and retail building space (see Note 13). To manage its risks over these operating leases, the Group retains its legal title over the underlying assets and requires its lessee to pay security deposits at the start of the lease, which are forfeited in case a lessee pre-terminates without prior notice or before the expiry of the lease term without cause. The leases have terms ranging from one to 15 years, with renewal options, and include annual escalation from 5% to 10%.

The future minimum lease receivables under these agreements are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Within one year	P 90,163,930	P 65,807,376	P 59,212,971
Within one to two years	107,102,709	38,881,603	41,589,378
Within two to three years	71,458,255	25,941,561	27,748,172
Within three to four years	23,406,711	8,497,362	9,089,131
Within four to five years	45,565,584	66,269,406	70,884,510
More than five years	<u>136,979,178</u>	<u>92,651,746</u>	<u>105,840,163</u>
	<u>P 474,676,367</u>	<u>P 298,049,054</u>	<u>P 314,364,325</u>

None of the rental income in 2023, 2022 and 2021 are relating to variable lease payments.

29.2 Operating Lease Commitments – Group as Lessee

The Group entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases are shown as rent under Operating Expenses in the consolidated statements of profit or loss (see Notes 20).

As at December 31, 2023 and 2022, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

29.3 Completion of Sold Units

The Group is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Group recognized a contract liability, which amounts to P449,338,207 and P598,391,867 as at December 31, 2023 and 2022, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 18.2).

29.4 Purchase of Land

In 2023 and 2022, the Group had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land amounting to P349,502,459 and P129,996,729, respectively and transferred to raw land inventory amounting to P464,499,188 and nil in 2023 and 2022, respectively (see Note 8). There were no such commitments as at December 31, 2021.

29.5 Capital Commitments for Construction Cost

As at December 31, 2023 and 2022, the Group has capital commitments of about P7,869,502,871 and P8,812,246,977, respectively, for the construction of real estate inventories, property and equipment and investment properties.

29.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations that are not reflected in the consolidated financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at December 31, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Group's consolidated financial statements.

30. EVENTS AFTER THE REPORTING PERIOD

30.1 Public Offering of Preferred Shares

On January 8, 2024, the BOD approved the proposed registration with the SEC of the Parent Company's perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated Series "A" Preferred Shares with a firm offer of up to 3,000,000 Series "A" Preferred Shares with an oversubscription option up to 2,000,000 Series "A" Preferred Shares by way of a follow-on public offering. The Registration Statement covering the IPO was filed with the SEC and PSE on January 25, 2024 and January 26, 2024, respectively.

30.2 Declaration of Cash Dividends

On March 18, 2024, the Board approved the declaration of regular cash dividends amounting to P0.15 per share and special cash dividends amounting to P0.03 per share with record date on April 17, 2024 which will be paid on May 3, 2024.

31. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarized in Note 32. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

It does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described as follows:

31.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing, and financing activities.

It has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

31.2 Credit Risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Group maintains credit policies and monitors its exposure to credit risk on a continuous basis. Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Group transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) Maximum exposure to credit risk

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	2023	2022
Cash and cash equivalents	5	P 913,841,206	P 1,434,559,762
Receivables*	6	2,211,305,404	3,657,261,050
Contract assets	18.2	45,093,986,410	31,979,063,534
Due from related parties	26.1	48,596,767	35,802,341
Short-term investments	9	200,838,362	204,836,249
Refundable deposits	14	152,741,454	128,384,996
		<u>P48,621,309,603</u>	<u>P 37,439,907,932</u>

* Receivables excludes advances to officers and employees.

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Contract receivables	P 1,549,074,563	P 11,060,916,251	P -
Contract assets	<u>45,093,986,410</u>	<u>78,168,084,114</u>	<u>-</u>
	<u>P 46,643,060,973</u>	<u>P 89,229,000,365</u>	<u>P -</u>
2022			
Contract receivables	P 3,030,230,127	P 6,632,550,849	P -
Contract assets	<u>31,979,063,534</u>	<u>58,301,956,960</u>	<u>-</u>
	<u>P 35,009,293,661</u>	<u>P 64,934,507,809</u>	<u>P -</u>

(b) Credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

An analysis of concentration of credit risk by location of the Group's contract receivables and contract assets, net of allowance for impairment, is shown below.

	<u>2023</u>	<u>2022</u>
Cebu	P 21,835,148,629	P 16,921,619,068
Visayas	2,545,817,311	7,230,845,939
Mindanao	15,398,918,372	10,856,726,305
Luzon	<u>6,863,176,661</u>	<u>102,349</u>
	<u>P46,643,060,973</u>	<u>P 35,009,293,661</u>

(c) *Credit Quality*

The Group classifies cash in banks as high grade as these are deposited with reputable banks.

Other receivables and refundable deposits are considered to be unrated and are neither past due nor impaired. For trade receivables, standard grade pertains to receivables with no default in payments and are effectively collateralized by the real estate inventories which can be subject to repossession upon non-payment of customers after reasonable collection effort has been exerted by the Group.

The quality of the Group's financial assets as of December 31, 2023 and 2022 is shown below.

	<u>Neither past due not impaired</u>			<u>Past due but not impaired</u>	<u>Individually impaired</u>	<u>Total</u>
	<u>High grade</u>	<u>Standard grade</u>	<u>Unrated</u>			
2023						
Cash	P 913,841,206	P -	P -	P -	P -	P 913,841,206
Receivables						
Contract	-	1,178,231,296	-	370,843,267	-	1,549,074,563
Others	-	-	659,988,579	-	2,242,262	662,230,841
Contract assets	-	45,093,986,410	-	-	-	45,093,986,410
Due from related parties	-	-	45,596,767	-	-	48,596,767
Short-term investments	200,838,362	-	-	-	-	200,838,362
Refundable deposits	-	-	152,741,454	-	-	152,741,454
	<u>P 1,114,679,568</u>	<u>P 46,272,217,706</u>	<u>P 858,326,800</u>	<u>P 370,843,267</u>	<u>P 2,242,262</u>	<u>P 48,621,309,603</u>
2022						
Cash	P 1,434,559,762	P -	P -	P -	P -	P 1,434,559,762
Receivables						
Contract	-	2,246,422,576	-	783,807,551	-	3,030,230,127
Others	-	-	625,221,454	-	1,809,469	627,030,923
Contract assets	-	31,979,063,534	-	-	-	31,979,063,534
Due from related parties	-	-	35,802,341	-	-	35,802,341
Short-term investments	204,836,249	-	-	-	-	204,836,249
Refundable deposits	-	-	128,384,996	-	-	128,384,996
	<u>P 1,639,396,011</u>	<u>P 34,225,486,110</u>	<u>P 789,408,791</u>	<u>P 783,807,551</u>	<u>P 1,809,469</u>	<u>P 37,439,907,932</u>

31.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. It maintains cash to meet its liquidity. Excess cash are invested in short-term placements.

As at December 31, 2023 and 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within Six Months	Six to 12 Months	One to Five Years	More than Five Years
December 31, 2023				
Interest-bearing loans and borrowings	P 9,445,312,066	P 4,952,650,498	P 29,024,476,051	P 7,153,781,014
Bonds payable	168,742,525	168,742,525	4,872,277,006	1,062,987,665
Trade and other payables*	<u>18,062,302,871</u>	<u>274,654,434</u>	<u>4,801,971,020</u>	<u>-</u>
	<u>P 26,019,437,410</u>	<u>P 3,924,517,266</u>	<u>P 34,573,391,066</u>	<u>P 6,113,144,735</u>
December 31, 2022				
Interest-bearing loans and borrowings	P 6,173,740,948	P 2,374,903,037	P 21,006,645,481	P 9,462,451,360
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	<u>11,863,581,836</u>	<u>3,807,034,840</u>	<u>3,135,384,424</u>	<u>-</u>
	<u>P 18,206,065,309</u>	<u>P 6,350,680,402</u>	<u>P 27,991,747,978</u>	<u>P 11,885,483,008</u>

* Trade and other payables excludes output VAT, government-related obligations and advance rental.

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

32. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

32.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
At amortized cost:					
Cash and cash equivalents	5	P 913,841,206	P 913,841,206	P 1,434,559,762	P 1,434,559,762
Receivables - net ¹	6	2,211,305,404	2,211,305,404	3,657,261,050	3,657,261,050
Due from related parties	26.1	48,596,767	48,596,767	35,802,341	35,802,341
Short-term investments	9	200,838,362	200,838,362	204,836,249	204,836,249
Refundable deposits	14	<u>152,741,454</u>	<u>152,741,454</u>	<u>128,384,996</u>	<u>128,384,996</u>
		<u>P 3,527,323,193</u>	<u>P 3,527,323,193</u>	<u>P 5,460,844,398</u>	<u>P 5,460,844,398</u>
Financial Liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	15	P 42,188,845,736	P 43,660,634,271	P 35,062,290,611	P 32,892,943,912
Bonds payable	16	5,000,000,000	5,159,876,668	4,930,582,631	5,074,171,211
Trade and other payables ²	17	<u>22,771,317,468</u>	<u>22,771,317,468</u>	<u>18,806,001,100</u>	<u>18,806,001,100</u>
		<u>P 69,960,163,204</u>	<u>P 71,591,828,407</u>	<u>P 58,798,874,342</u>	<u>P 56,773,116,223</u>

1 Receivables - net excludes advances to officers and employees.

2 Trade and other payables excludes output VAT, government-related obligations and advance rental.

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 31.

32.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts set-off in the consolidated statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Cash and cash equivalents	<u>P 913,841,206</u>	<u>P -</u>	<u>P 913,841,206</u>	<u>P 909,475,471</u>	<u>P -</u>	<u>P 4,365,735</u>
December 31, 2022						
Cash and cash equivalents	<u>P 1,434,559,762</u>	<u>P -</u>	<u>P 1,434,559,762</u>	<u>P 554,474,038</u>	<u>P -</u>	<u>P 880,085,724</u>

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated statements of financial position	Related amounts set-off in the consolidated statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Interest-bearing loans	<u>P 42,188,845,736</u>	<u>P -</u>	<u>P 42,188,845,736</u>	<u>P 909,475,471</u>	<u>P -</u>	<u>P 41,279,370,265</u>
December 31, 2022						
Interest-bearing loans	<u>P 35,062,290,611</u>	<u>P -</u>	<u>P 35,062,290,611</u>	<u>P 554,474,038</u>	<u>P -</u>	<u>P 34,507,816,573</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., banks) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

32.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Group's financial assets and financial liabilities, which are not measured at fair value in the 2023 and 2022 consolidated statements of financial position, but for which fair value is disclosed (see Note 32.1).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023				
<i>Financial assets:</i>				
Cash and cash equivalents	P 913,841,206	P -	P -	P 913,841,206
Receivables – net ¹	-	-	2,211,305,405	2,211,305,404
Due from related parties	-	-	48,596,767	48,596,767
Short-term investments	200,838,362	-	-	200,838,362
Refundable deposits	-	-	152,741,454	152,741,454
	<u>P 1,114,679,568</u>	<u>P -</u>	<u>P 2,412,643,625</u>	<u>P 3,527,323,193</u>
<i>Financial liabilities:</i>				
Interest-bearing loans	P -	P -	P 43,660,634,271	P 43,660,634,271
Bonds payable	-	-	5,159,879,668	5,159,876,668
Trade and other payables	-	-	22,771,317,470	22,771,317,470
	<u>P -</u>	<u>P -</u>	<u>P 71,591,828,409</u>	<u>P 71,591,828,409</u>
2022				
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,434,559,762	P -	P -	P 1,434,559,762
Receivables – net ¹	-	-	3,657,261,050	3,657,261,050
Due from related parties	-	-	35,802,341	35,802,341
Short-term investments	204,836,249	-	-	204,836,249
Refundable deposits	-	-	128,384,996	128,384,996
	<u>P 1,639,396,011</u>	<u>P -</u>	<u>P 3,821,448,387</u>	<u>P 5,460,844,398</u>
<i>Financial liabilities:</i>				
Interest-bearing loans and borrowings	P -	P -	P 32,892,943,912	P 32,892,943,912
Bonds payable	-	-	5,074,171,211	5,074,171,211
Trade and other payables ²	-	-	18,806,001,100	18,806,001,100
	<u>P -</u>	<u>P -</u>	<u>P 56,773,116,223</u>	<u>P 56,773,116,223</u>

¹ Receivables excludes advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

For the Group's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values, except for interest-bearing loans and borrowings, because of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Group has no non-financial assets measured at fair value as at December 31, 2023 and 2022.

The table below shows the Levels within the hierarchy of investment property, which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023	<u>P -</u>	<u>P -</u>	<u>P 18,422,843,422</u>	<u>P 18,422,843,422</u>
December 31, 2022	<u>P -</u>	<u>P -</u>	<u>P 20,627,177,086</u>	<u>P 20,627,177,086</u>

In 2023 and 2022, the fair value of the Group's Investment Properties is determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Group, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2023 and 2022.

33. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total interest-bearing loans and borrowings and bonds payable	P47,136,668,257	P 39,992,873,242
Total equity	<u>25,796,756,536</u>	<u>21,012,614,893</u>
Debt-to-equity ratio	<u>1:83:1.00</u>	<u>1.90:1.00</u>

The Group's goal in capital management is to limit a maximum debt-to-equity structure ratio of 75:25 on a monthly basis. The Parent Company is required to maintain certain financial ratios in relation with its borrowings (see Note 15.2). The Group has complied with its covenant obligations for both years ended December 31, 2023 and 2022.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans <small>(see Note 15)</small>	Lease Liabilities <small>(see Note 12.2)</small>	Bonds Payable <small>(see Note 16)</small>	Total
Balance as of January 1, 2023	P 35,062,290,611	P 1,237,059,483	P 4,930,582,631	P41,229,932,725
Cash flows from financing activities:				
Additional borrowings - net	12,943,572,215	-	-	12,943,572,215
Repayments	(5,791,848,745)	(54,646,634)	-	(5,846,495,379)
Reclassifications	(154,500,000)	-	-	(154,500,000)
Non-cash financing activities:				
Amortization of debt issue cost	129,331,655	-	17,239,890	146,571,545
Interest amortization on lease obligation	-	80,167,300	-	80,167,300
Amendment of lease contract	-	275,906	-	275,908
Balance at December 31, 2023	<u>P 42,188,845,736</u>	<u>P 1,262,856,055</u>	<u>P 4,947,822,521</u>	<u>P 48,399,524,312</u>
Balance as of January 1, 2022	P 32,021,719,390	P 1,126,130,301	P -	P 33,147,849,691
Cash flows from financing activities:				
Additional borrowings - net	11,749,374,715	-	4,926,627,631	16,676,002,346
Repayments	(8,807,422,731)	(17,574,742)	-	(8,824,997,473)
Non-cash financing activities:				
Amortization of debt issue cost	98,619,237	-	3,955,000	102,574,237
Interest amortization on lease obligation	-	75,629,879	-	75,629,879
Additional lease liabilities	-	52,874,045	-	52,874,045
Balance at December 31, 2022	<u>P 35,062,290,611</u>	<u>P 1,237,059,483</u>	<u>P 4,930,582,631</u>	<u>P 41,229,932,725</u>
Balance as of January 1, 2021	P 23,793,983,711	P 834,733,975	P -	P 24,628,717,686
Cash flows from financing activities:				
Additional borrowings - net	14,448,015,997	-	-	14,448,015,997
Repayments	(6,288,347,939)	(57,537,727)	-	(6,345,885,666)
Non-cash financing activities:				
Additional lease liabilities	-	290,015,132	-	290,015,132
Amortization of debt issue cost	68,067,621	-	-	68,067,621
Interest amortization on lease obligation	-	67,139,552	-	67,139,552
Amendment of lease contract	-	(8,220,631)	-	(8,220,631)
Balance at December 31, 2021	<u>P 32,021,719,390</u>	<u>P 1,126,130,301</u>	<u>P -</u>	<u>P33,147,849,691</u>

35. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

Discussed below are the supplemental information on non-cash investing and financing activities relative to the consolidated statements of cash flows of the Group.

- (a) The Group recognized additional Right-of-Use assets and Lease Liabilities amounting to P275,906 due to amendment of a lease contract in 2023 and P52,874,045 due to new lease contracts in 2022 (see Notes 12 and 34).
- (b) In 2023 and 2022, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties totaled to P2,586,052,265 and P1,721,477,210, respectively (see Notes 7, 11, 13 and 15).
- (c) In 2023 and 2022, the Group recognized unpaid construction costs of P2,126,087,766 and P2,339,738,833, respectively, in Property and Equipment and Investment Properties (see Notes 11 and 13).

- (d) In 2023, the Group reclassified assets from Investment Properties totaling P1,220,235,831 and P502,646 to Real Estate Inventories and Property and equipment. In 2022, the group reclassified assets from Investment Properties totaling P729,713,956 and P1,301,034,975 to Real Estate Inventories and Property Equipment, respectively (see Notes 7, 11 and 13).
- (e) In 2023, the Group reclassified Real estate inventories to Property and equipment totaling P13,080,557 (see Notes 7 and 11).
- (f) In 2023, the Group reclassified interest-bearing loans obtained from co-venturer amounting to P154,500,000 from Interest-bearing loans and borrowings to Trade and other payables (see Notes 15 and 17).
- (g) In 2023, BL Ventures declared dividends amounting to P16,800,000 of which P8,400,000 is still outstanding and payable to shareholders as at December 31, 2023.



**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange Commission
Filed Separately from the Basic
Consolidated Financial Statements**

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**

10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (the Group) for the year ended December 31, 2023, on which we have rendered our report dated April 10, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)
List of Supplementary Information
December 31, 2023

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CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Schedule A - Financial Assets
December 31, 2023

<i>Type of securities</i>	<i>Amount Shown in the Statement of Financial Position</i>		<i>Income Received and Accrued</i>	
<u>Financial Assets at Amortized Cost</u>				
Cash and Cash Equivalents				
Cash in banks	P	864,263,028	P	3,967,760
Short-term placements		45,212,443		1,159,382
Cash on hand		<u>4,365,735</u>		<u>-</u>
		<u>913,841,206</u>		<u>5,127,142</u>
Receivables				
Contract receivables		1,549,074,563		-
Retention receivable		132,973,570		-
Management fee receivables		111,340,567		-
Receivable from insurance		77,373,832		-
Rent receivable		71,548,690		-
Other receivables		<u>268,994,182</u>		<u>-</u>
		<u>2,211,305,404</u>		<u>-</u>
Due from Related Parties		<u>48,596,767</u>		<u>-</u>
Prepayments and other current assets				
Short-term investments		<u>200,838,362</u>		<u>8,747,555</u>
Other Non-Current Assets				
Refundable deposits		<u>152,741,454</u>		<u>-</u>
Total	P	<u>3,527,323,193</u>	P	<u>13,874,697</u>

Cebu Landmasters, Inc. and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Reclassification	Deductions		Ending Balance		Balance at end of period
				Amounts collected	Amounts Written off	Current*	Not-current**	
Entities Under Common Ownership:								
<i>Condominium Corporation</i>								
Base Line Center Condo Corporation	P 15,507,686	P 425,355	p -	(P 196,418)	P -	P 15,736,623	P -	P 15,736,623
Casa Mira Towers Labangon	6,273,362	173,630	-	(155,710)	-	6,291,282	-	6,291,282
Mesatierra Garden Residences Condominium Corporation	59,501	5,158,086	-	-	-	5,217,587	-	5,217,587
Baseline Residences Condo Corporation	5,953,040	217,941	-	(3,421,323)	-	2,749,658	-	2,749,658
Latitude Corporate Center Condo Corp	1,404,876	263,200	-	-	937,671	2,605,747	-	2,605,747
Mivesa Garden Residences Condo Corporation	1,658,574	2,185,664	-	(2,033,854)	-	1,810,384	-	1,810,384
Mesaverte Residences Condominium Corporation	(1,278,800)	(5,462,388)	-	-	7,774,236	1,033,048	-	1,033,048
Midori Residences Condo Corporation	379,904	121,184	-	(177,184)	-	323,904	-	323,904
Asia Premier Condo Corporation	310,219	157,449	-	(165,622)	-	302,046	-	302,046
Mesavirre Garden Residences Condominium Corporation	33,954	166,479	-	(27,557)	-	172,876	-	172,876
38 Park Avenue Condominium Corporation	252,550	24,076	-	(201,408)	-	75,218	-	75,218
Casa Mira Towers Guadalupe Condominium Corp	-	42,000	-	-	-	42,000	-	42,000
Park Centrale Condo Corporation	(1,280,643)	(4,170,713)	-	4,676,018	-	(775,338)	-	(775,338)
	<u>29,274,223</u>	<u>(698,037)</u>	<u>-</u>	<u>7,008,849</u>	<u>-</u>	<u>35,585,035</u>	<u>-</u>	<u>35,585,035</u>
<i>Homeowners' Associations</i>								
Casa Mira South	2,213,785	(652,960)	-	2,046,618	-	3,607,443	-	3,607,443
Casa Mira Linao	1,545,268	2,661	-	(3,506)	-	1,544,423	-	1,544,423
Velmiro Heights	798,897	77,670	-	(198,520)	-	678,047	-	678,047
Midori Plains	346,592	241,700	-	(44,088)	-	544,204	-	544,204
Casa Mira Coast	103,878	166,876	-	-	-	270,754	-	270,754
San Josemaria Villages	315,916	15,339	-	(76,236)	-	255,019	-	255,019
Villa Casita North	48,382	-	-	(34,000)	-	14,382	-	14,382
Velmiro Uptown	-	(172,443)	-	-	-	(172,443)	-	(172,443)
	<u>5,372,718</u>	<u>(321,157)</u>	<u>-</u>	<u>1,690,268</u>	<u>-</u>	<u>6,741,829</u>	<u>-</u>	<u>6,741,829</u>
<i>Others</i>								
Regalos de Cebu	733,933	5,958,855	-	(4,498,490)	-	2,194,298	-	2,194,298
AB Soberano International Corp	-	1,687,466	-	-	-	1,687,466	-	1,687,466
Cebu Landmasters Foundation, Inc.	20,335	7,807	-	-	-	28,142	-	28,142
	<u>754,268</u>	<u>7,654,128</u>	<u>-</u>	<u>(4,498,490)</u>	<u>-</u>	<u>3,909,906</u>	<u>-</u>	<u>3,909,906</u>
	<u>35,401,209</u>	<u>6,634,934</u>	<u>-</u>	<u>4,200,627</u>	<u>-</u>	<u>46,236,770</u>	<u>-</u>	<u>46,236,770</u>
Associates								
Iloilo Global City Corporation	-	2,328,000	-	-	-	2,328,000	-	2,328,000
Magspeak Nature Park Inc	632,726	392,772	-	(953,367)	-	72,131	-	72,131
ICOM Air Corporation	(231,594)	8,000,000	-	(7,808,540)	-	(40,134)	-	(40,134)
	<u>401,132</u>	<u>10,720,772</u>	<u>-</u>	<u>(8,761,907)</u>	<u>-</u>	<u>2,359,997</u>	<u>-</u>	<u>2,359,997</u>
Ultimate Parent Company								
	<u>75,822,632</u>	<u>-</u>	<u>-</u>	<u>(75,137,048)</u>	<u>-</u>	<u>685,584</u>	<u>-</u>	<u>685,584</u>
Key Management Personnel								
	<u>53,973,659</u>	<u>-</u>	<u>-</u>	<u>(53,973,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P 165,598,632</u>	<u>P 17,355,706</u>	<u>p -</u>	<u>(P 133,671,987)</u>	<u>p -</u>	<u>P 49,282,351</u>	<u>p -</u>	<u>P 49,282,351</u>

*Due within one year
**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2023

Name and Designation of debtor					Deductions		Current*	Non-current**	Balance at end of period
	Balance at beginning of period	Additions	Reclassification		Amounts collected	Amounts written off			
El Camino Developers Cebu, Inc.	P 214,178,112	P 209,845,349	p -	(P 40,311,715)	-	P 383,711,746	P -	P 383,711,746	
Yuson Excellence Soberano, Inc.	413,325,300	13,794,906	-	(313,750,755)	-	113,369,451	-	113,369,451	
Cebu Homegrown Developers, Inc.	497,308,642	87,559,072	(517,000,000)	(33,131,289)	-	34,736,425	-	34,736,425	
Cebu Landmasters Property Management, Inc.	31,078,755	10,664,873	-	(12,586,715)	-	29,156,913	-	29,156,913	
BL CBP Ventures, Inc.	19,841,675	9,821,882	-	(1,117,200)	-	28,546,357	-	28,546,357	
CLI Premier Hotels Int'l. Inc.	18,712,707	22,203,334	-	(20,713,591)	-	20,202,450	-	20,202,450	
Cebu BL-Ramos Ventures, Inc.	218,876,477	13,814,492	(142,000,000)	(78,334,751)	-	12,356,218	-	12,356,218	
CCLI Premier Hotels Int'l. Inc.	2,606,774	21,820,799	-	(13,225,787)	-	11,201,786	-	11,201,786	
YHEST Realty and Development Corporation	9,075,749	20,751,923	-	(19,841,001)	-	9,986,671	-	9,986,671	
GGTT Realty Corporation	4,375,802	1,700,831	-	(544,284)	-	5,532,349	-	5,532,349	
Sugbo Prime Estate, OPC.	1,461,685	7,165,559	-	(5,628,121)	-	2,999,123	-	2,999,123	
Yuson Huang Excellence Soberano, Inc.	7,392,874	8,143,047	-	(12,874,137)	-	2,661,784	-	2,661,784	
Mivesa Garden Residences, Inc.	1,790,866	8,654,777	-	(9,267,737)	-	1,177,906	-	1,177,906	
CLI Hotels and Resorts, Inc.	227,310	50,500	-	-	-	277,810	-	277,810	
CLI-LITE Panglao, Inc.	2,676,340	181,544	-	(2,805,776)	-	52,108	-	52,108	
Ming-mori Development Corporation	-	70,000	-	(70,000)	-	-	-	-	
	P 1,442,929,068	P 436,242,888	(P 659,000,000)	(P 564,202,859)	P -	P 655,969,097	P -	P 655,969,097	

*Due within one year

**Due beyond one year

Cebu Landmasters, Inc. and Subsidiaries
Schedule D - Long-Term Debt
December 31, 2023

<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of long-term debt" in related Statement of Financial Position</i>	<i>Amount shown under caption "Long-Term Debt" in related Statement of Financial Position</i>	<i>Interest Rate</i>	<i>No. of Periodic Installments</i>	<i>Maturity Date</i>
<i>Promissory notes</i>					
Bank of the Philippine Islands	P 2,135,541,671	P 7,969,697,864	3.75% to 8.25%	Various	1/13/24 to 7/26/34
Land Bank of the Philippines	1,249,946,183	936,861,706	5% to 7.50%	Various	2/5/24 to 8/30/29
BDO Unibank Inc.	308,333,332	294,476,245	6.38% to 8.37%	Various	1/3/24 to 7/25/2027
Bank of Commerce	293,750,000	650,828,136	7.23% to 8.75%	Various	1/20/24 to 3/3/29
Development Bank of the Philippines	2,119,173,032	2,326,007,733	5% to 8.5%	Various	1/24/24 to 5/30/34
China Banking Corporation	1,003,333,333	2,733,988,780	6.65% to 7.75%	Various	1/25/24 to 6/1/34
Rizal Commercial Banking Corporation	191,153,846	3,166,241,601	5.25% to 8.75%	Various	2/29/24 to 9/27/30
RCBC Capital Corporation	495,000,000 (	1,368,332)	7.25% to 7.5%	Various	3/3/24 to 6/21/24
Philippine National Bank	1,342,740,029	1,400,346,582	4.75% to 7.96%	Various	1/25/24 to 7/12/24
Philippine Veterans Bank	600,000,000 (	234,247)	6.18% to 6.26%	Various	2/17/2024
Robinsons Bank	277,777,778	319,600,054	5.5% to 8.5%	Various	1/8/24 to 5/13/27
Union Bank of the Philippines	-	407,743,027	7.24%	Various	4/26/2027
Asia United Bank	50,000,000	149,515,745	6.25% to 6.75%	Various	03/17/27 to 6/16/28
Sterling Bank of Asia	-	312,397,673	9% to 9.25%	Various	12/15/28 to 2/23/29
Security Bank	8,737,500	205,545,961	7.24% to 8.04%	Various	3/30/2029
	<u>10,075,486,704</u>	<u>20,871,648,528</u>			
<i>Corporate notes</i>					
Bank of the Philippine Islands	212,500,000	1,185,534,141	3.54% to 7.25%	Various	12/20/25 to 04/28/27
Land Bank of the Philippines	142,857,144	1,627,917,892	4.23% to 6.63%	Various	08/02/28 to 03/10/30
BDO Unibank Inc.	125,000,000	621,140,689	7.25%	Various	12/20/25
Development Bank of the Philippines	250,000,000	1,611,580,497	3.54% to 4.66%	Various	04/28/27
China Banking Corporation	440,476,190	2,998,847,245	3.46% to 7.25%	Various	09/04/25 to 10/10/28
Rizal Commercial Banking Corporation	270,833,333	1,518,831,323	3.46% to 4.66%	Various	09/04/25 to 04/28/27
Social Security System	50,000,000	186,192,050	3.460%	Various	09/04/25
	<u>1,491,666,667</u>	<u>9,750,043,837</u>			
<i>Bonds</i>					
Philippine Depository & Trust	-	4,947,822,521		1	4/7/26 to 10/7/29
<i>Loans to partners</i>					
IBC Holdings Co.	62,000,000	-	-	-	12/31/2024
Borromeo Bros Estate, Inc.	92,500,000	-	6.250%	Various	5/11/2024 to 7/29/2024
	<u>154,500,000</u>	<u>-</u>			
	P 11,721,653,371	P 35,569,514,886			

Cebu Landmasters, Inc. and Subsidiaries
Schedule E - Indebtedness to Related Parties
December 31, 2023

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
------------------------------	-------------------------------------------	-------------------------------------

NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2023

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>
---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------	------------------------------------------------	------------------------------------------------------------	----------------------------

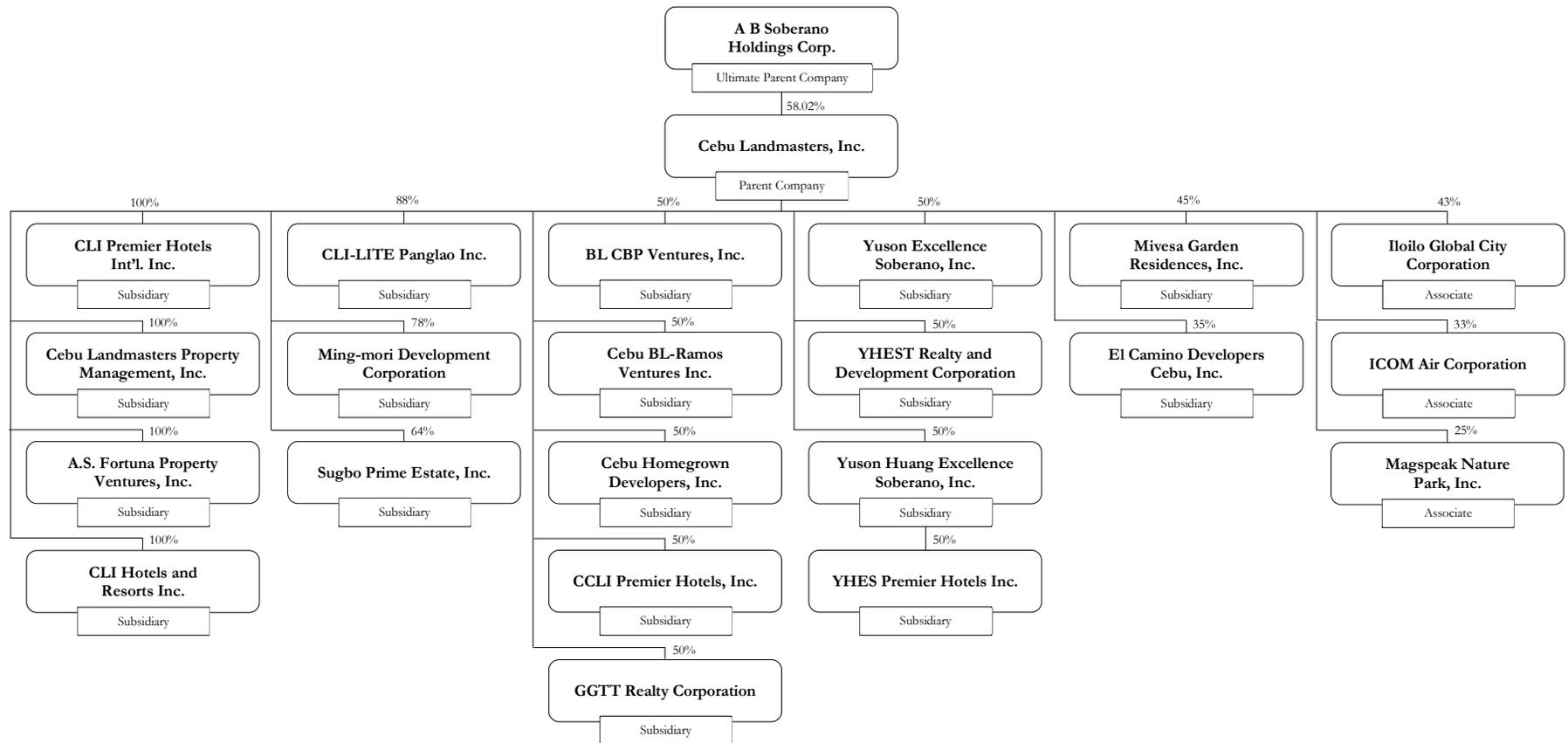
NOT APPLICABLE

Cebu Landmasters, Inc. and Subsidiaries
Schedule G - Capital Stock
December 31, 2023

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related Statement of Financial Position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value						
Authorized	9,000,000,000					
Issued and outstanding		3,465,201,467	158,250,530	2,267,130,595	48,502,500	1,149,568,372
Preferred Shares - P0.10 par value						
Authorized						
Series A	1,000,000,000					
Series B	100,000,000					
Issued and outstanding		-	-	-	-	-

CEBU LANDMASTERS, INC. AND SUBSIDIARIES

Map Showing the Relationship Between and Among the Company
and its Ultimate Parent, Subsidiaries, and Associates
December 31, 2023



CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu I.T. Park, Brgy. Apas, Cebu City
Reconciliation of Retained Earnings Available for Dividend Declaration
as of December 31, 2022
(Amounts in Philippine Pesos)

Unappropriated Retained Earnings at Beginning of Year	P	6,280,269,150
Prior Year's Outstanding Reconciling Items, net of tax		
Treasury stock, at cost	(	732,664,604)
Share in profit of subsidiaries and associates	(	672,423,198)
Gain on remeasurement of investment in associates	(	<u>32,438,511)</u>
Unappropriated Retained Earnings Available for Dividend declaration at beginning of Year, as Adjusted		4,842,742,837
Net Profit Realized during the Year	P	3,205,817,635
Share in profit of subsidiaries and associates	(	<u>430,697,764)</u>
Share in profit of subsidiaries and associates		2,775,119,871
Other Transactions During the Year		
Appropriation of retained earnings	(	3,931,475,893)
Release of appropriated retained earnings		172,049,912
Cash dividend declared	(	<u>519,780,221)</u>
Cash dividend declared	(	<u>4,279,206,202)</u>
Unappropriated Retained Earnings Available for Dividend declaration at end of Year		<u>P 3,338,656,506</u>



**Report of Independent Auditors
on Components of
Financial Soundness Indicators**

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
Cebu Landmasters, Inc. and Subsidiaries
(A Subsidiary of A B Soberano Holdings Corp.)**
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy., Apas
Cebu City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cebu Landmasters, Inc. and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC. AND SUBSIDIARIES
(A Subsidiary of A B Soberano Holdings Corp.)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022
(Amounts in Philippine Pesos)

Ratio	Formula	2023	Formula	2022
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets Divide by: Total Current Liabilities Current Ratio	1.55 54,423,422,829 34,999,214,802 1.55	Total Current Assets divided by Total Current Liabilities Total Current Assets Divide by: Total Current Liabilities Current Ratio	1.58 43,926,522,254 27,743,683,313 1.58
Acid test ratio	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents Add: Current Receivables Current Contract Assets Due from Related Parties Quick Assets Divide by: Total Current Liabilities Acid test ratio	0.84 913,841,206 2,093,139,231 26,225,182,718 48,596,767 29,280,759,922 34,999,214,802 0.84	Quick assets (Cash and cash equivalents plus Current Receivables and Current Contract Assets and Due from Related Parties) divided by Total Current Liabilities Cash and cash equivalents Add: Current Receivables Current Contract Assets Due from Related Parties Quick Assets Divide by: Total Current Liabilities Acid test ratio	0.77 1,434,559,762 3,571,775,532 16,208,926,784 35,802,341 21,251,064,419 27,743,683,313 0.77
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities Divide by: Total Assets Solvency ratio	0.75 76,289,532,378 102,086,288,914 0.75	Total Liabilities divided by Total Assets Total Liabilities Divide by: Total Assets Solvency ratio	0.75 64,032,254,131 85,044,869,024 0.75
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities Divide by: Total Equity Debt-to-equity ratio	2.96 76,289,532,378 25,796,756,536 2.96	Total Liabilities divided by Total Equity Total Liabilities Divide by: Total Equity Debt-to-equity ratio	3.05 64,032,254,131 21,012,614,893 3.05
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets Divide by: Total Equity Assets-to-equity ratio	3.96 102,086,288,914 25,796,756,536 3.96	Total Assets divided by Total Equity Total Assets Divide by: Total Equity Assets-to-equity ratio	4.05 85,044,869,024 21,012,614,893 4.05
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax Add: Interest charged to: Cost of Sales Finance cost EBIT Divide by: Interest Expense* Interest rate coverage ratio <i>*Includes 2,521,540,922 interest capitalized as part of real estate inventory, property and equipment, and investment property</i>	2.55 6,199,194,664 1,203,143,299 518,839,684 7,921,177,647 3,104,891,949 2.55	Earnings before interest and taxes (EBIT) divided by Interest expense Profit before tax Add: Interest charged to: Cost of Sales Finance cost EBIT Divide by: Interest Expense* Interest rate coverage ratio <i>*Includes 1,721,477,210 interest capitalized as part of real estate inventory, property and equipment, and investment property</i>	2.76 4,767,604,383 460,629,194 274,920,150 5,503,153,727 1,996,397,360 2.76
Return on equity	Net Profit divided by Total Ave. Equity Net Profit Divide by: Total Ave. Equity Return on equity	20% 4,643,019,645 23,404,685,715 20%	Net Profit divided by Total Ave. Equity Net Profit Divide by: Total Ave. Equity Return on equity	19% 3,607,891,146 19,472,398,209 19%
Return on assets	Net Profit divided by Total Ave. Assets Net Profit Divide by: Total Ave. Assets Return on assets	5% 4,643,019,645 93,565,578,969 5%	Net Profit divided by Total Ave. Assets Net Profit Divide by: Total Ave. Assets Return on assets	5% 3,607,891,146 75,848,487,229 5%
Net profit margin	Net Profit divided by Revenues Net Profit Divide by: Total Revenue Return on assets	25% 4,643,019,645 18,818,413,368 25%	Net Profit divided by Revenues Net Profit Divide by: Total Revenue Return on assets	23% 3,607,891,146 15,657,298,003 23%
Other ratio				
Gross profit margin	Gross Profit divided by Total Revenue Gross Profit Divide by: Total Revenue Gross profit margin	49% 9,178,065,839 18,818,413,368 49%	Gross Profit divided by Total Revenue Gross Profit Divide by: Total Revenue Gross profit margin	47% 7,289,662,454 15,657,298,003 47%

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

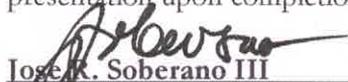
The management of **Cebu Landmasters, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the fiscal years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

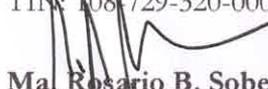
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

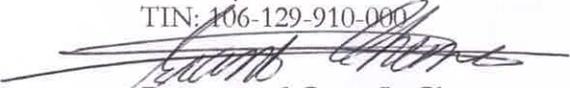
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


Jose R. Soberano III
Chairman of the Board, Chief Executive Officer and President
TIN: 108-729-320-000


Ma Rosario B. Soberano
Executive Vice President and Treasurer
TIN: 106-129-910-000


Beauregard Grant L. Cheng
Chief Finance Officer
TIN: 205-557-510-000

Signed this APR 10 2024 day of _____ 2024.

SUBSCRIBED AND SWORN to before me this APR 10 2024 at Cebu City, affiants exhibiting to me their respective Tax Identification Nos.

Doc No. 227 ;
Page No. 47 ;
Book No. 9 ;
Series of 2024




ATY. EDELINE O. COSICO
Notary Public
Bar Commission No. 040-23, Cebu C
Valid until December 31, 2024
Roll of Attorneys No. 82445
10th Floor, Park Centrale, J.M. del Mar St., Cebu IT Park, Apas, Cebu City
Tel. No. (032) 231 - 4914 & (032) 231 - 4870 or Telefax (032) 231 - 5073
BP No. 385699 ; 01-02-2024; Cebu Chapter
10th Flr. Park Centrale Tower, J.M. Del Mar St.,
Cebu IT Park, Apas, Cebu City



Mark Anthony Yu <myucliacctg@gmail.com>

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Cebu Landmasters, Inc.

December 31, 2023, 2022 and 2021
(With Corresponding Figures as of January 1, 2022)

Report of Independent Auditors

The Board of Directors and Stockholders
Cebu Landmasters, Inc.
(A Subsidiary of A B Soberano Holdings Corp.)
10th Floor, Park Centrale Tower
Jose Ma. Del Mar St., B2 L3
Cebu I.T. Park, Brgy. Apas
Cebu City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cebu Landmasters, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) and described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which indicates that the financial statements have been prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. The qualitative impact of the financial reporting reliefs on the financial statements are disclosed in Note 2 to the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 33 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS, as modified by the financial reporting reliefs issued and approved by the SEC. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805

TIN 221-843-037

PTR No. 10076150, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 107805-SEC (until financial period 2023)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-037-2022 (until Oct. 13, 2025)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 10, 2024

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes	2023	December 31, 2022 (As Restated - see Note 2)	January 1, 2022 (As Restated - see Note 2)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	4	P 441,670,591	P 465,354,066	P 333,090,459
Receivables	5	1,465,941,409	2,497,006,115	3,858,553,483
Contract assets	17	19,482,468,256	14,063,209,951	4,197,781,332
Due from related parties	25	698,510,600	1,481,499,405	1,009,485,690
Real estate inventories	6	9,093,063,224	8,591,824,122	9,948,060,927
Deposits on land for future development	7	-	121,996,729	-
Prepayments and other current assets	8	4,194,661,169	2,340,624,416	2,612,332,086
Total Current Assets		<u>35,376,315,249</u>	<u>29,561,514,804</u>	<u>21,959,303,977</u>
NON-CURRENT ASSETS				
Receivables	5	156,093,837	106,500,219	161,127,276
Contract assets	17	13,235,300,241	11,323,558,221	12,058,377,792
Investments in subsidiaries and associates	9	9,345,133,685	6,865,126,687	5,878,006,728
Property and equipment - net	10	6,012,622,261	4,076,726,251	393,883,159
Right-of-use assets - net	11	887,603,255	910,749,954	880,257,377
Investment properties - net	12	9,570,958,321	9,937,376,563	6,278,133,219
Other non-current assets - net	13	1,539,183,844	1,258,879,680	938,354,721
Total Non-current Assets		<u>40,746,895,444</u>	<u>34,478,917,575</u>	<u>26,588,140,272</u>
TOTAL ASSETS		<u>P 76,123,210,693</u>	<u>P 64,040,432,379</u>	<u>P 48,547,444,249</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14	P 10,443,628,947	P 7,521,349,177	P 7,529,549,385
Trade and other payables	16	14,223,925,249	12,202,834,640	7,804,074,512
Contract liabilities	17	164,891,955	289,366,657	353,200,147
Customers' deposits	17	135,710,979	76,996,569	57,469,700
Lease liabilities	11	37,685,586	36,716,315	-
Total Current Liabilities		<u>25,005,842,716</u>	<u>20,127,263,358</u>	<u>15,744,293,744</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14	25,514,057,795	21,932,094,231	19,380,660,006
Bonds payable	15	4,947,822,521	4,930,582,631	-
Lease liabilities	11	939,780,431	911,374,869	834,573,823
Trade and other payables	16	193,517,068	176,234,971	142,482,853
Post-employment defined benefit obligation	23	10,395,914	9,390,095	4,753,329
Deferred tax liabilities - net	24	2,924,076,644	2,333,833,716	1,517,640,834
Total Non-current Liabilities		<u>34,529,650,373</u>	<u>30,293,510,513</u>	<u>21,880,110,845</u>
Total Liabilities		<u>59,535,493,089</u>	<u>50,420,773,871</u>	<u>37,624,404,589</u>
EQUITY				
Capital stock	26	3,623,451,997	3,623,451,997	3,623,451,997
Additional paid-in capital		1,608,917,974	1,608,917,974	1,608,917,974
Share options outstanding		4,311,977	2,195,991	-
Treasury stock, at cost		(732,664,604)	(732,664,604)	(748,171,901)
Revaluation reserves - net		(18,288,224)	(13,910,501)	(13,477,472)
Retained earnings		<u>12,101,988,484</u>	<u>9,131,667,651</u>	<u>6,452,319,062</u>
Total Equity		<u>16,587,717,604</u>	<u>13,619,658,508</u>	<u>10,923,039,660</u>
TOTAL LIABILITIES AND EQUITY		<u>P 76,123,210,693</u>	<u>P 64,040,432,379</u>	<u>P 48,547,444,249</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES	17			
Sale of real estate		P 11,090,852,136	P 11,628,922,857	P 9,399,697,717
Rental		101,513,196	75,752,573	67,989,495
Management fees		154,376,800	141,931,941	110,519,689
		<u>11,346,742,132</u>	<u>11,846,607,371</u>	<u>9,578,206,901</u>
COST OF SALES AND SERVICES	18, 19	(<u>6,148,404,773</u>)	(<u>6,302,292,611</u>)	(<u>4,839,619,063</u>)
GROSS PROFIT		5,198,337,359	5,544,314,760	4,738,587,838
OPERATING EXPENSES	19	(1,968,974,042)	(1,869,225,902)	(1,631,230,305)
OTHER OPERATING INCOME	20	<u>363,652,839</u>	<u>158,898,108</u>	<u>206,723,560</u>
OPERATING PROFIT		3,593,016,156	3,833,986,966	3,314,081,093
SHARE IN NET PROFIT OF SUBSIDIARIES AND ASSOCIATES	9	1,249,633,091	430,697,764	24,587,593
FINANCE COSTS	22	(556,837,615)	(265,764,622)	(153,469,616)
FINANCE INCOME	21	43,989,261	70,675,962	30,505,137
OTHER LOSSES - Net	20	(<u>3,233,017</u>)	(<u>6,252,156</u>)	(<u>90,966,879</u>)
PROFIT BEFORE TAX		4,326,567,876	4,063,343,914	3,124,737,328
TAX EXPENSE	24	(<u>732,510,780</u>)	(<u>857,526,279</u>)	(<u>520,938,437</u>)
NET PROFIT		<u>P 3,594,057,096</u>	<u>P 3,205,817,635</u>	<u>P 2,603,798,891</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET PROFIT		P 3,594,057,096	P 3,205,817,635	P 2,603,798,891
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of post-employment defined benefit plan	23	(5,836,965)	(577,372)	435,092
Tax income (expense)	24	<u>1,459,242</u>	<u>144,343</u>	(<u>1,029,189</u>)
Other Comprehensive Loss - Net of tax		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
TOTAL COMPREHENSIVE INCOME		P <u>3,589,679,373</u>	P <u>3,205,384,606</u>	P <u>2,603,204,794</u>

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (See Note 26)	Additional Paid-in Capital (See Note 26)	Share Options Outstanding (See Note 26)	Treasury Stock, at Cost (See Note 26)	Revaluation Reserves (See Note 26)	Retained Earnings (See Note 26)			Total
						Appropriated	Unappropriated	Total	
Balance at January 1, 2023	P 3,623,451,997	P 1,608,917,974	P 2,195,991	(P 732,664,604)	(P 13,910,501)	P 3,931,475,893	P 5,200,191,758	P 9,131,667,651	P 13,619,658,508
Transactions with owners:									
Cash dividend	-	-	-	-	-	-	(623,736,263)	(623,736,263)	(623,736,263)
Stock option granted	-	-	2,115,986	-	-	-	-	-	2,115,986
	-	-	2,115,986	-	-	-	(623,736,263)	(623,736,263)	(621,620,277)
Appropriation of retained earnings									
Appropriations during the year	-	-	-	-	-	6,324,658,043	(6,324,658,043)	-	-
Release of appropriations during the year	-	-	-	-	-	(3,341,330,930)	3,341,330,930	-	-
	-	-	-	-	-	2,983,327,113	(2,983,327,113)	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	3,594,057,096	3,594,057,096	3,594,057,096
Other comprehensive loss	-	-	-	-	(4,377,723)	-	-	-	(4,377,723)
	-	-	-	-	(4,377,723)	-	3,594,057,096	3,594,057,096	3,589,679,373
Balance at December 31, 2023	P 3,623,451,997	P 1,608,917,974	P 4,311,977	(P 732,664,604)	(P 18,288,224)	P 6,914,803,006	P 5,187,185,478	P 12,101,988,484	P 16,587,717,604
Balance at January 1, 2022	P 3,623,451,997	P 1,608,917,974	P -	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,280,269,150	P 6,452,319,062	P 10,923,039,660
Transactions with owners:									
Cash dividend	-	-	-	-	-	-	(519,780,221)	(519,780,221)	(519,780,221)
Stock option granted	-	-	3,005,840	-	-	-	-	-	3,005,840
Stock option exercised	-	-	(809,849)	15,507,297	-	-	(6,688,825)	(6,688,825)	8,008,623
	-	-	2,195,991	15,507,297	-	-	(526,469,046)	(526,469,046)	(508,765,758)
Appropriation of retained earnings									
Appropriations during the year	-	-	-	-	-	3,931,475,893	(3,931,475,893)	-	-
Reversal of appropriations during the year	-	-	-	-	-	(172,049,912)	172,049,912	-	-
	-	-	-	-	-	3,759,425,981	(3,759,425,981)	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	3,205,817,635	3,205,817,635	3,205,817,635
Other comprehensive loss	-	-	-	-	(433,029)	-	-	-	(433,029)
	-	-	-	-	(433,029)	-	3,205,817,635	3,205,817,635	3,205,384,606
Balance at December 31, 2022	P 3,623,451,997	P 1,608,917,974	P 2,195,991	(P 732,664,604)	(P 13,910,501)	P 3,931,475,893	P 5,200,191,758	P 9,131,667,651	P 13,619,658,508
Balance at January 1, 2021	P 1,714,000,000	P 1,608,917,974	P -	(P 732,851,016)	(P 12,883,375)	P 3,949,504,623	P 2,197,217,445	P 6,146,722,068	P 8,723,905,651
Transactions with owners:									
Issuance of shares through stock dividend	1,909,451,997	-	-	-	-	-	(1,909,451,997)	(1,909,451,997)	-
Cash dividend	-	-	-	-	-	-	(388,749,900)	(388,749,900)	(388,749,900)
Acquisition of treasury stock	-	-	-	(15,320,885)	-	-	-	-	(15,320,885)
	1,909,451,997	-	-	(15,320,885)	-	-	(2,298,201,897)	(2,298,201,897)	(404,070,785)
Reversal of appropriations during the year	-	-	-	-	-	(3,777,454,711)	3,777,454,711	-	-
Total comprehensive income for the year:									
Net profit for the year	-	-	-	-	-	-	2,603,798,891	2,603,798,891	2,603,798,891
Other comprehensive loss	-	-	-	-	(594,097)	-	-	-	(594,097)
	-	-	-	-	(594,097)	-	2,603,798,891	2,603,798,891	2,603,204,794
Balance at December 31, 2021	P 3,623,451,997	P 1,608,917,974	P -	(P 748,171,901)	(P 13,477,472)	P 172,049,912	P 6,280,269,150	P 6,452,319,062	P 10,923,039,660

See Notes to Financial Statements.

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022 (As Restated see Note 2)	2021 (As Restated see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 4,326,567,876	P 4,063,343,914	P 3,124,737,328
Adjustments for:				
Share in net profit of subsidiaries and associates	9	(1,249,633,091)	(430,697,764)	(24,587,593)
Interest expense on interest-bearing loans and borrowings	22	419,639,440	188,308,333	100,246,234
Depreciation and amortization	19	131,323,468	115,405,442	102,154,493
Interest expense on bonds	22	66,856,481	15,444,620	-
Interest expense on lease liabilities	22	65,882,750	61,205,859	52,757,989
Interest income on banks and advances to related parties	21	(43,989,261)	(70,675,962)	(29,344,200)
Share option benefits expense	23, 26	2,115,986	3,005,840	-
Loss on disposal of property and equipment - net	20	17,411	128,364	16,577
Operating profit before working capital changes		3,718,781,060	3,945,468,646	3,325,980,828
Decrease in receivables		981,471,088	1,416,174,425	730,401,253
Increase in contract assets		(7,331,000,325)	(9,130,609,048)	(6,785,502,849)
Decrease in real estate inventories		2,344,410,369	2,362,573,519	122,960,973
Decrease (increase) in deposits on land for future development		121,996,729	(121,996,729)	(376,327,882)
Decrease (increase) in prepayments and other current assets		(1,854,036,753)	960,574,771	(620,852,947)
Increase in other non-current assets		(449,046,103)	(879,540,808)	(511,894,414)
Increase in trade and other payables		1,941,120,588	2,518,197,107	2,435,396,433
Decrease in contract liabilities		(124,474,702)	(63,833,490)	(8,520,478)
Increase (decrease) in customers' deposits		58,714,410	19,526,869	(33,782,415)
Increase (decrease) in post-employment defined benefit obligation		(4,831,146)	4,059,395	4,567,238
Cash generated from (used in) operations		(596,894,785)	1,030,594,657	(1,717,574,260)
Cash paid for taxes		(140,808,610)	(176,807,609)	(91,100,985)
Net Cash From (Used in) Operating Activities		(737,703,395)	853,787,048	(1,808,675,245)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of equity interest in subsidiaries and associates	9	(1,336,593,907)	(650,822,195)	(1,303,891,928)
Acquisitions of property and equipment	10	(1,272,143,177)	(1,014,909,274)	(86,121,567)
Collections of advances to related parties	25	983,991,952	153,969,288	118,069,803
Acquisitions of investment properties	12	(842,441,388)	(3,989,896,837)	(2,389,976,164)
Advances to related parties	25	(201,003,147)	(625,983,003)	(800,124,927)
Dividends received	9	106,220,000	94,400,000	72,000,000
Interest received		43,989,261	70,675,962	29,344,200
Acquisitions of computer software	13	(1,914,986)	(3,064,324)	(10,242,943)
Proceeds from disposal of property and equipment		16,474	786,310	567,519
Net Cash Used in Investing Activities		(2,519,878,918)	(5,964,844,073)	(4,370,376,007)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of interest-bearing loans and borrowings - net	14, 32	11,434,269,173	9,978,618,073	12,999,276,695
Repayments of interest-bearing loans and borrowings	14, 32	(5,050,319,185)	(7,524,170,278)	(5,288,736,576)
Interest paid on interest-bearing loans and borrowings		(2,152,046,014)	(1,546,828,245)	(1,210,229,172)
Cash dividends paid	26	(623,736,263)	(519,780,221)	(388,749,900)
Interest paid on bonds		(337,485,051)	(78,592,408)	-
Payments of lease liabilities	11, 32	(36,783,822)	(562,543)	(5,452,222)
Proceeds from reissuance of treasury stock	26	-	8,008,623	-
Proceeds from issuances of bonds - net	15, 32	-	4,926,627,631	-
Acquisition of treasury stock	26	-	-	(15,320,885)
Net Cash From Financing Activities		3,233,898,838	5,243,320,632	6,090,787,940
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(23,683,475)	132,263,607	(88,263,312)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		465,354,066	333,090,459	421,353,771
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 441,670,591	P 465,354,066	P 333,090,459

Supplemental Information for Non-cash Investing and Financing Activities:

- 1) In 2023, the Company reclassified investment property to real estate inventories amounting to P1,452.0 million. The Company also reclassified real estate inventory and deposit from purchased properties to property and equipment amounting to P13,080.6 million and P162,694.9 million, respectively. In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301.0 million and reclassified real estate inventories to investment properties amounting to P12.6 million (see Notes 6, 10 and 12).
- 2) In 2023 and 2022, borrowing costs that were capitalized as part of Real Estate Inventories, Property and Equipment and Investment Properties amounted to P2,177.8 million and P1,514.4 million, respectively (see Notes 6, 10, 12, 14 and 15).
- 3) In 2023 and 2022, the Company recognized unpaid construction costs of P60.0 million and P1,914.3 million, respectively, for the construction of Property and Equipment and Investment Properties (see Notes 10 and 12).
- 4) There were no additions to right-of-use asset and lease liabilities in 2023. The Company recognized right-of-use assets and lease liabilities amounting to P52.9 million in 2022 (see Note 11).

CEBU LANDMASTERS, INC.
(A Subsidiary of A B Soberano Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Cebu Landmasters, Inc. (CLI or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 26, 2003. The Company is presently engaged in real estate-related activities such as real estate development, sales, leasing and property management. The Company's real estate portfolio include condominium and subdivision for residence, mixed-use properties, townships, hotels and resorts, offices, and co-living space.

The Company is a subsidiary of A B Soberano Holdings Corp. (ABS). ABS is a holding company and is incorporated and domiciled in the Philippines. ABS is primarily and currently engaged in holding activities. The registered office and principal place of business of ABS is located at 2nd Street, Villa San Lorenzo, Quijada Street, Barangay Guadalupe, Cebu City.

On January 6, 2017, the Board of Directors (BOD) approved the Company's application for the registration of its common stocks with the SEC and application for the listing thereof in the Philippine Stock Exchange (PSE). The Company's shares were listed on the main board of the PSE on June 2, 2017 (see Note 26.2).

The Company's registered office address, which is also its principal place of business, is located at 10th Floor, Park Centrale Tower, Jose Ma. Del Mar St., B2 L3, Cebu IT Park, Brgy. Apas, Cebu City, Philippines.

1.2 Subsidiaries and Associates

The Company holds ownership interests in the following subsidiaries and associates.

Entities	Note	Effective Percentage of Ownership	
		2023	2022
Subsidiaries			
CLI Premier Hotels Int'l. Inc. (CPH)	(a)	100%	100%
Cebu Landmasters Property Management, Inc. (CPM)	(b)	100%	100%
A.S. Fortuna Property Ventures, Inc. (ASF)	(c)	100%	100%
CLI Hotels and Resorts Inc. (CHR)	(d)	100%	100%
CLI-LITE Panglao Inc. (CLI-LITE)	(e)	88%	88%
Ming-mori Development Corporation (MDC)	(f)	78%	78%
Sugbo Prime Estate, Inc. (SPE)	(g)	64%	64%
BL CBP Ventures, Inc. (BL Ventures)	(h)	50%	50%
Yuson Excellence Soberano, Inc. (YES)	(i)	50%	50%
Yuson Huang Excellence Soberano, Inc. (YHES)	(j)	50%	50%
YHEST Realty and Development Corporation (YHEST)	(k)	50%	50%
CCLI Premier Hotels, Inc. (CCLI)	(l)	50%	50%

Forward

Effective Percentage

Entities	Note	of Ownership	
		2023	2022
Subsidiaries			
Cebu Homegrown Developers, Inc. (CHDI)	(m)	50%	50%
YHES Premier Hotels Inc. (YHESPH)*	(n)	50%	50%
Cebu BL-Ramos Ventures Inc. (CBLRV)	(o)	50%	50%
GGTT Realty Corporation (GGTT)	(p)	50%	50%
Mivesa Garden Residences, Inc. (MGR)	(q)	45%	45%
El Camino Developers Cebu, Inc. (El Camino)	(r)	35%	35%
Associates			
Iloilo Global City Corporation (IGCC)	(s)	43%	-
ICOM Air Corporation (ICOM)	(s)	33%	33%
Magspeak Nature Park, Inc. (Magspeak)	(t)	25%	25%

* YHESPH is a wholly owned subsidiary of YHES

All of the subsidiaries and associates of the Company are incorporated in the Philippines, and except CPH, CPM, CCLI, YHESPH and ICOM are in the same line of business as the Company. A brief description of these entities follows:

- (a) CPH was incorporated in 2016 as a wholly owned subsidiary of the CLI. CPH is engaged in the real estate and hotel management business, which started commercial operations on September 14, 2019. The principal place of business of CPH is located in Cebu City.
- (b) CPM was incorporated in 2017 as a wholly owned subsidiary of the CLI. CPM is engaged in the management of condominium corporations and housing associations affiliated with CLI. CPM has started commercial operations on September 1, 2017. The principal place of business of CPM is located in Cebu City.
- (c) ASF was incorporated in 2017 as a joint venture where CLI initially held 40% ownership interest. CLI acquired all the ownership interest of its business partners at the end of 2017 which made ASF its wholly owned subsidiary. The principal place of business of ASF is located in Cebu City.
- (d) CHR was incorporated in 2022 as a wholly owned subsidiary of the CLI. CHR is engaged in the real estate, and hotel and resorts management. The principal place of business of CHR is located in Cebu City.
- (e) CLI-LITE was incorporated on July 19, 2021 as an undertaking by CLI and two other corporations for the development of a mixed-use project with residential condominiums and a possible hotel component in Panglao Island, Bohol. The principal place of business of CLI-LITE is located in Cebu City.
- (f) MDC was incorporated in 2013 as an undertaking between CLI and four other entities for the development of an economic business district. The principal place of business of MDC is located in Cebu City.

On June 22, 2021, CLI acquired additional 6,379,980 common shares of MDC from nine other stockholders, resulting to an increased ownership interest from 20% to 77.69%. Such acquisition was considered as a business combination achieved in stages, otherwise known as step-up acquisition.

- (g) SPE was formed in 2019 as a one person corporation and was converted to an ordinary stock corporation after entering into a joint venture with CLI on March 4, 2021, for the development of a dormitory with retail and warehouse spaces. The principal place of business of SPE is located in Cebu City.
- (h) BL Ventures was formed by CLI and Borromeo Bros. Estate, Inc. (BBEI) to construct and operate Latitude Corporate Center. The principal place of business of BL Ventures is located in Cebu City.
- (i) YES was formed by CLI and Yuson Comm. Investments, Inc. to construct and operate Messatiera Garden Residences in Davao. The principal place of business of YES is located in Davao City.
- (j) YHES was incorporated in 2017 as an undertaking among CLI, Yuson Strategic Holdings, Inc., and Davao Filandia Realty Corp. for the development of mixed-used real estate project, the Paragon Davao. The principal place of business of YHES is located in Davao City.
- (k) YHEST was incorporated in 2018 as an undertaking among CLI and five corporations for the development of a central business district located at Matina, Davao. The principal place of business of YHEST is located in Davao City.
- (l) CCLI was incorporated in 2018 as an undertaking between CLI and Capitaine, Inc. for the development of Citadines hotel in Bacolod City. The principal place of business of CCLI is located in Bacolod City. As at December 31, 2021, CCLI has yet to start commercial operations.
- (m) CHDI is an undertaking between CLI and Aboitiz Land, Inc. and was incorporated on December 5, 2019. CHDI is engaged in the development of a high-rise mixed-use condominium complex in Mandaue City, Cebu, which commenced commercial operations in 2021. Its principal place of business is in Cebu City.
- (n) YHESPH was incorporated on October 28, 2019 as a wholly owned subsidiary of YHES that will engage in hotel business. Its ultimate parent is CLI, which owns 50% of YHES. As at December 31, 2023, YHESPH has yet to start commercial operations.
- (o) CBLRV, a new subsidiary in 2020, was incorporated on February 21, 2020 as an undertaking between CLI and BBEI and is engaged in the development of a mixed-use condominium tower in Cebu City. Its principal place of business also is located in Cebu City.
- (p) GGTT was incorporated on March 26, 2003 and is engaged to construct a residential condominium project in its principal place of business in Iloilo City.
- (q) MGR was incorporated in 2017 as an undertaking by CLI and three corporations for the construction of buildings 6 and 7 of the Mivesa Garden Residences condominium. The principal place of business of MGR is located in Cebu City.
- (r) El Camino was incorporated in 2016 as an undertaking between CLI and four other corporations for the development of 38 Park Avenue condominium project in Cebu City. The principal place of business of El Camino is located in Cebu City.

- (s) IGCC was incorporated in 2023 as an undertaking between CLI and two other corporations and is engaged in the development of a mixed-use condominium tower in Iloilo City. Its principal place of business is also located in Iloilo City.
- (t) ICOM was incorporated on December 7, 2020 as an undertaking of CLI and various individual stockholders and corporations to import aircraft(s) and to operate a transportation business in the Philippines. ICOM's principal place of business is in Iloilo City. As at December 31, 2023, ICOM has yet to start its commercial operations.
- (u) Magspeak was incorporated in 2011 as an undertaking among CLI and four other corporations for the development of a mountain resort to be located in Balamban, Cebu. The principal place of business of Magspeak is located in Cebu City.

1.3 Approval of Issuance of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2023 (including the comparative financial statements for the years ended December 31, 2022 and 2021, were authorized for issue by the BOD on April 10, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Company are disclosed in details below and in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *SEC Financial Reporting Reliefs Availed by the Company*

The Company has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circulars (MC):

- MC No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*;
- MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*;
- MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*; and,
- MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry for another period of three years or until 2023*.

SEC MC No. 08-2021, Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision, provides real estate companies the accounting policy option of applying either the full retrospective approach or the modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncement. Discussed below and in the succeeding pages are the financial reporting reliefs availed of by the Company, including the descriptions of the implementation issues and their qualitative impacts to the financial statements. The Company opted to avail the reliefs until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

- (ii) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Company does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

Had the Company elected not to defer this provision of the standard, it would have an impact in the financial statement as there would have been a significant financing component when there is a difference between the percentage of completion (POC) of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements or applied using modified retrospective approach.

In the initial calculation of the Company, adoption of the interpretation would have an impact on the following financial statement accounts as of and for the year ended December 31, 2023:

	Increase <u>(Decrease)</u>
Real estate sales	(P1,104,059,468)
Cost of real estate sales	(P1,003,701,447)
Interest expense	1,370,371,831
Interest income	1,125,491,464
Provision for deferred income tax	113,165,050
Net profit	501,267,430
Real estate inventories	(1,504,709,193)
Deferred tax liability	(345,878,683)
Opening balance of retained earnings	1,349,320,446

Furthermore, these would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach.

The Company has decided to use the modified retrospective approach upon adoption.

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

(e) *Reclassification of Accounts*

The Company reclassified certain deferred commissions as part of Prepayments and Other Current Assets to Other Non-current Assets to match the timing of actual utilization/incurrence.

The effect of this reclassification in the consolidated financial statements as at December 31, 2022 and January 1, 2022 are summarized as follows:

(i) Statements of financial position

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 2,802,500,412	(P 461,875,996)	P 2,340,624,416
Other non-current assets	<u>797,003,684</u>	<u>461,875,996</u>	<u>1,258,879,680</u>
		<u>P -</u>	
<i>Changes in Liabilities</i>			
Lease liability - current	P -	P 36,716,315	P 36,716,315
Lease liability - non-current	<u>984,091,184</u>	<u>(36,716,315)</u>	<u>911,374,869</u>
		<u>P -</u>	
January 1, 2022			
<i>Changes in Assets</i>			
Prepayments and other current assets	P 3,165,580,633	(P 553,248,547)	P 2,612,332,086
Other non-current assets	<u>385,106,174</u>	<u>553,248,547</u>	<u>938,354,721</u>
		<u>P -</u>	

There is no reclassification of lease liability as of January 1, 2022.

(ii) Statements of cash flows

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
December 31, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	P 496,698,775	P 461,875,996	P 960,574,771
Other non-current assets	<u>(417,664,812)</u>	<u>(461,875,996)</u>	<u>(879,540,808)</u>
		<u>P -</u>	
January 1, 2022			
<i>Decrease (increase) in</i>			
Prepayments and other current assets	(P 1,174,101,494)	P 553,248,547	(P 620,852,947)
Other non-current assets	<u>41,354,133</u>	<u>(553,248,547)</u>	<u>(511,894,414)</u>
		<u>P -</u>	

The effect of the reclassification has no impact on the statements of profit or loss and statements of comprehensive income.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments)	:	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that is not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

2.3 Separate Financial Statements and Investments in Subsidiaries and Associates

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which is available to the public through the disclosures section of the PSE Edge and Company's website.

The Company assess whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries and associates are initially recognized at cost and subsequently accounted for using the equity method.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets are all categorized as financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on receivables and contract assets are estimated by a probability weighted estimate of credit losses over the expected life of the financial assets. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include interest-bearing loans and borrowings, bonds payable, and trade and other payables [except government-related obligations, advance rental and output value-added tax (VAT)].

2.5 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined. Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or Contract Asset to be recognized and the cost of the repossessed property is recognized in the statement of comprehensive income.

2.6 Property and Equipment

Property and equipment are carried at acquisition or construction cost less subsequent depreciation, amortization and any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Buildings and parking units	20 years
Transportation equipment	5 years
Leasehold improvements	5 years
Operating equipment	3-5 years
Furniture and fixtures	2-5 years

2.7 Investment Property

Properties held for lease under operating lease agreements, which comprise mainly of land, buildings and condominium units, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except for land which is not subject to depreciation. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives of the assets of 20 years.

2.8 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Company develops real properties such as developed land, house and lot, and condominium units. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(b). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

- (a) *Real Estate Sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized is presented as part of Real Estate Sales in the statement of comprehensive income.
- (b) *Real Estate Sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales in the statement of comprehensive income.
- (c) *Rendering of management services* – Revenue from the rendering of management services is recognized over time as the services are provided to the client entities. The client entities are invoiced monthly as work progresses, which are also due upon receipt by them. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Company.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position.

2.9 Leases

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from two to five years.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.10 Impairment of Non-financial Assets

The Company's Investment Properties, Property and Equipment and other non-financial assets are subject to impairment testing.

2.11 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory, and administered by a trustee.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Company assesses the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(c)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

The Company exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Company considers the following:

- any asset created or enhanced as the Company performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(c) *Determination of Collection Threshold for Revenue Recognition*

The Company uses judgment in evaluating the probability of collection of transaction price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers and number of sales cancellation in establishing a percentage of collection threshold over which the Company determines that collection of the transaction price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(d) *Assessment Involving Right of Return*

The Company's sale of real estate under pre-completed contracts has variable consideration which is the right of return when a buyer defaulted the equity payments. Moreover, R.A. No. 6552, provides a statutory obligation to the Company to refund the buyer the cash surrender value of the collections received on the property equivalent to 50% of the total collected amount, and, after five years of installments, an additional 5% every year but not to exceed 90% of the total collections received.

(e) *Determination of ECL on Trade and Other Receivables and Contract Assets*

The Company uses the cumulative loss rate approach to calculate ECL for trade receivables and contract assets. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical gross charge-off information (arising from cancellations and back-out sales) to forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the term of the instrument, the amount of required allowance for ECL is minimized since the legal title related to the unit sold will only be transferred once the contract receivable has been paid in full, and the Company has the right to recover the real estate properties covered by the contract with customer through repossession, and to resell the asset at an amount sufficient to cover the unpaid outstanding obligations. On the other hand, additional ECL may be calculated for certain pool of trade receivables specifically determined to have expected cash shortfall based on outstanding exposures. These generally arise from receivables which were charged-off at an earlier term of the instrument since origination period.

Details about the ECL on the Company's trade and other receivables are disclosed in Note 29.2.

(f) *Distinction Among Investment Properties and Owner-occupied Properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the Company's main line of business or for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the Company's main line of business or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(g) *Distinction Between Real Estate Inventories and Investment Properties*

Residential and condominium units comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's intention over these assets in making its judgment.

(h) *Distinction Between Operating and Finance Leases (Lessor)*

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management assessment, the Company's lease agreements are classified as operating lease.

(i) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Revenue Recognition for Performance Obligations Satisfied Over Time*

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(c) *Determination of Net Realizable Value of Real Estate Inventories*

In determining the net realizable value of real estate inventory, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of real estate inventory is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's real estate inventories within the next reporting period. Considering the Company's pricing policy, the net realizable values of real estate units for sale are higher than their related costs.

(d) *Fair Value Measurement of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 12 to the financial statements is determined by the Company using the discounted cash flows valuation technique since the information on current or recent prices is not available. The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land with undetermined use, the fair value is determined using the observable recent prices of the reference properties adjusted for differences in key attributes such as property size, zoning and accessibility. A significant change in the elements may affect prices and the value of the assets.

(e) *Estimation of Useful Lives of Property and Equipment and Investment Properties*

The Company estimates the useful lives of property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

An analysis of amount of Property and Equipment and Investment Properties is presented in Notes 10 and 12, respectively.

(f) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainties relates to assumptions about future operating results and the determination of suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses on the Company's non-financial assets required to be recognized in 2023 and 2022 based on management's assessment.

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 23.3.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2023 and 2022 will be utilized in the succeeding years.

The carrying amount of the net deferred tax assets arising from unrealized foreign currency loss, retirement benefit obligation, and impairment losses as at December 31, 2023 and 2022 is disclosed in Note 24.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	<u>2023</u>	<u>2022</u>
Cash on hand	P 3,096,637	P 2,487,619
Cash in banks	393,361,510	419,008,956
Short-term placements	<u>45,212,444</u>	<u>43,857,491</u>
	<u>P 441,670,591</u>	<u>P 465,354,066</u>

Cash in banks (savings and demand deposits) generally earn interest based on daily bank deposit rates. Short-term placements are made for varying period from 60 to 62 days and earn effective interest ranging from 3.5% to 6%, 2.50% to 3%, and 0.75% to 1.90% per annum for 2023, 2022 and 2021, respectively.

Interest income earned from cash and cash is presented as part of Finance Income in the statements of profit or loss (see Note 21).

5. RECEIVABLES

This account includes the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Contract receivables			
Third parties		P 1,164,195,965	P 1,965,297,209
Related parties	25.4, 25.5	685,584	129,796,291
Retention receivable		111,577,658	106,529,324
Charges to contractors and suppliers		109,754,180	41,212,041
Receivable from insurance claims		75,371,849	142,791,495
Rent receivable	27.1	67,016,313	46,369,378
Advances to officers and employees		36,371,824	20,582,391
Receivables from move in fees		15,060,152	5,618,942
Receivable from buy-back transactions		7,179,996	12,394,628
Receivable from water income		4,912,754	4,228,016
Management fee receivable		3,982,960	9,733,183
Other receivables		<u>25,926,011</u>	<u>118,953,436</u>
		<u>P 1,622,035,246</u>	<u>P 2,603,506,334</u>

Receivables are presented in the statements of financial position as follows:

	<u>2023</u>	<u>2022</u>
Current	P 1,465,941,409	P 2,497,006,115
Non-current	<u>156,093,837</u>	<u>106,500,219</u>
	<u>P 1,622,035,246</u>	<u>P 2,603,506,334</u>

Buyers of real estate properties are given two to three years to complete the amortization of their down payment, which ranges from 10% to 20% of the contract price of the real estate being purchased. Contract receivables, which are all covered by postdated checks, are only recognized when the total transaction price is reasonably assured. Generally, full payment by buyers of their equity payments is made within 24 to 36 months following the recognition of sale, which is then followed by full settlement by the buyer's chosen financing institution of the buyer's account. Title to real estate properties are transferred to the buyers once full payment has been made.

Long-term contract receivables, which are noninterest-bearing, are receivables from buyers whose equity payments are expected to be fully paid after 12 months following the end of the reporting period. These are measured at amortized cost which is determined by discounting future cash flows using the applicable rates of similar types of instruments. The aggregate unamortized discount on noninterest-bearing contract receivables amounts to P5,309,083 and P1,557,409 as at December 31, 2023 and 2022, respectively.

In 2023 and 2022, the Company has day-one loss on noninterest-bearing contract receivables, net of amortization of day one loss, amounting to P3,751,674 and P257,332, and is presented as part of Finance Costs in the 2023 and 2022 statements of profit or loss (see Note 22). On the other hand, the amortization of day-one loss of noninterest-bearing contract receivables, net of day-one loss, amounted to P1,160,937 in 2021 (nil in 2023 and 2022) and is presented as part of Finance Income in the 2021 statement of profit or loss (see Note 21).

Receivable from insurance pertains to outstanding claims filed with various insurance companies in relation to damages incurred to the insured properties of the Company.

Retention receivable represents amounts retained by Home Development Mutual Fund (HDMF) from the proceeds of loans availed by real estate buyers in accordance with HDMF Circular No. 182-A to pay off their obligations to the Company, which will be received three to four months after release of loan.

Advances to officers and employees are composed of advances intended for the Company's operations and are subject to liquidation.

The Company assesses an ECL when the receivables from contract with customers and other counterparties are initially recognized and updates the assessment at each reporting date based on the analysis determined by management. No allowance for ECL need to be recognized in 2023, 2022 and 2021 (see Note 29.2)

6. REAL ESTATE INVENTORIES

This account includes the following inventories, which are all at cost.

	Note	<u>2023</u>	<u>2022</u>
Subdivision units		P 470,257,538	P 723,515,775
Condominium units		<u>269,063,334</u>	<u>195,654,846</u>
		<u>739,320,872</u>	<u>919,170,621</u>
Construction-in-progress (CIP):			
Land development costs		3,919,921,918	4,365,318,179
Condominium building costs		2,506,044,729	1,692,159,086
Housing costs		<u>1,463,227,862</u>	<u>1,330,557,606</u>
		<u>7,889,194,509</u>	<u>7,388,034,871</u>
Raw land inventory	7	<u>464,547,843</u>	<u>284,618,630</u>
		<u>P 9,093,063,224</u>	<u>P 8,591,824,122</u>

An analysis of the cost of real estate inventories included in cost of sales for the year is presented in Note 18.

Land development costs pertain to the cost of acquisition of land and site development costs of subdivision projects and other future site projects of the Company.

Housing costs pertain to the cost of house construction for the horizontal projects of the Company.

Condominium building costs consist of the cost of acquisition of land and the cost to construct the units of the vertical projects of the Company.

Raw land inventory consists of parcels of land owned by the Company that are located in various locations. These are expected to be developed into saleable condominium or subdivision units. In 2023 the Company reclassified deposits on land for future development amounting to P121,996,729 to raw land inventory, i.e., applied as part of the payment for the land acquisitions that were consummated (see Note 7). There were no similar reclassifications in 2022.

Borrowing costs that are capitalized as part of real estate inventories amounted to P1,406,687,855 and P1,018,896,316 in 2023 and 2022, respectively, which represents the specific borrowing costs incurred on bank loans, corporate notes and bonds obtained to fund the construction projects (see Notes 14 and 15). Capitalization rate used for the borrowings ranges from 4.75% to 9.25% and 4% to 7.50% in 2023 and 2022, respectively.

In 2023, the Company reclassified real estate inventories to property and equipment (see Note 10) and investment properties to real estate inventories (see Note 12).

In 2022, the Company reclassified real estate inventories to investment properties (see Note 12).

Certain real estate inventories amounting to P5,308,547,812 and P4,976,334,244 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

7. DEPOSITS ON LAND FOR FUTURE DEVELOPMENT

Deposits on land for future development pertains to advance payments for acquisitions of certain parcels of land which are intended for future development into saleable real estate projects. A reconciliation of the carrying amount of deposits on land for future development as at beginning and end of 2023 and 2022 is presented below.

	Note	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 121,996,729	P -
Transferred to raw land inventory	6	(121,996,729)	-
Additions		<u>-</u>	<u>121,996,729</u>
Balance at end of year		<u>P -</u>	<u>P 121,996,729</u>

8. PREPAYMENTS AND OTHER CURRENT ASSETS

This account includes the following:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Deferred commissions and incentives	P 1,320,763,478	P 188,870,264
Advances to subcontractors	1,173,327,064	968,438,203
Input VAT and deferred input VAT	698,470,288	591,692,464
Prepaid income tax	394,652,955	269,493,001
Advances to suppliers	392,560,042	205,941,986
Short-term investments	184,532,637	101,034,408
Prepaid expenses	30,281,204	15,080,589
Others	<u>73,501</u>	<u>73,501</u>
	<u>P 4,194,661,169</u>	<u>P 2,340,624,416</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses that were paid on behalf of subcontractors. These are applied against the billings of subcontractors.

Deferred commissions and incentives pertain to sales commissions and incentives incurred and capitalized by the Company upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Company measures progress towards complete satisfaction of its performance obligation in its contracts. In 2023, 2022 and 2021, the Company expensed deferred commissions and incentives based on the POC of the related real estate contract and is presented as Commissions and incentives under the Operating Expenses account in the statements of profit or loss (see Note 19).

Short-term investments pertain to escrow funds that are required to be set up in relation to the Company's compliance with the regulatory requirements for issuance of license to sell and are restricted for use in the Company's operations. The escrow funds is significantly comprised of investments in treasury bills with maturity dates of up to 12 months, earning effective interest ranging from 3.5% to 6% and 2.50% to 3% per annum in 2023 and 2022, respectively.

Prepaid expenses include advance payment for insurance and rent.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

This account comprises the following as at December 31:

	Notes	<u>2023</u>	<u>2022</u>
Investment in subsidiaries	9.1	P 9,202,644,254	P 6,731,567,105
Investments in associates	9.2	<u>142,489,431</u>	<u>133,559,582</u>
		<u>P 9,345,133,685</u>	<u>P 6,865,126,687</u>

A reconciliation of the carrying amounts of investments in subsidiaries and associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 6,865,126,687	P 5,878,006,728
Investments during the year	1,336,593,907	650,822,195
Equity in net profit during the year	1,249,633,091	430,697,764
Dividends received	(106,220,000)	(94,400,000)
Balance at end of year	<u>P 9,345,133,685</u>	<u>P 6,865,126,687</u>

9.1 Investments in Subsidiaries

A reconciliation of the carrying amounts of the investments in subsidiaries at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 6,731,567,105	P 5,743,093,372
Additions	1,315,093,907	642,822,195
Equity in net profit	1,262,203,242	440,051,538
Dividends received	(106,220,000)	(94,400,000)
Balance at end of year	<u>P 9,202,644,254</u>	<u>P 6,731,567,105</u>

9.2 Investments in Associates

A reconciliation of the carrying amounts of the investments in associates at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 133,559,582	P 134,913,356
Additions	21,500,000	(9,353,774)
Equity in net loss	(12,570,151)	<u>8,000,000</u>
Balance at end of year	<u>P 142,489,431</u>	<u>P 133,559,582</u>

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
December 31, 2023							
Cost	P 546,791,391	P 122,949,665	P 56,101,383	P 44,479,066	P 4,392,461	P 5,496,193,456	P 6,270,907,422
Accumulated depreciation and amortization	(113,442,334)	(68,471,110)	(43,808,343)	(29,926,065)	(2,637,309)	-	(258,285,161)
Net carrying amount	<u>P 433,349,057</u>	<u>P 54,478,555</u>	<u>P 12,293,040</u>	<u>P 14,553,001</u>	<u>P 1,755,152</u>	<u>P 5,496,193,456</u>	<u>P 6,012,622,261</u>
December 31, 2022							
Cost	P 373,019,225	P 111,049,218	P 52,286,882	P 35,095,811	P 4,370,139	P 3,708,701,466	P 4,284,522,741
Accumulated depreciation and amortization	(88,891,788)	(52,185,686)	(38,939,854)	(25,346,548)	(2,432,614)	-	(207,796,490)
Net carrying amount	<u>P 284,127,437</u>	<u>P 58,863,532</u>	<u>P 13,347,028</u>	<u>P 9,749,263</u>	<u>P 1,937,525</u>	<u>P 3,708,701,466</u>	<u>P 4,076,726,251</u>
January 1, 2022							
Cost	P 285,064,231	P 91,655,631	P 54,891,520	P 32,175,937	P 2,352,961	P 102,799,019	P 568,939,299
Accumulated depreciation and amortization	(73,868,573)	(40,091,131)	(37,021,957)	(21,743,468)	(2,331,011)	-	(175,056,140)
Net carrying amount	<u>P 211,195,658</u>	<u>P 51,564,500</u>	<u>P 17,869,563</u>	<u>P 10,432,469</u>	<u>P 21,950</u>	<u>P 102,799,019</u>	<u>P 393,883,159</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023, 2022 and 2021 is shown below.

	Building and Parking Units	Operating Equipment	Transportation Equipment	Furniture and Fixture	Leasehold Improvements	Construction in Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 284,127,437	P 58,863,532	P 13,347,028	P 9,749,263	P 1,937,525	P 3,708,701,466	P 4,076,726,251
Additions	(2,003,261)	12,009,288	3,814,501	9,383,255	22,321	1,787,491,990	1,810,718,094
Disposal	-	(33,885)	-	-	-	-	(33,885)
Reclassification	175,775,427	-	-	-	-	-	175,775,427
Depreciation and amortization charges for the year	(24,550,546)	(16,360,380)	(4,868,489)	(4,579,517)	(204,694)	-	(50,563,626)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P 433,349,057</u>	<u>P 54,478,555</u>	<u>P 12,293,040</u>	<u>P 14,553,001</u>	<u>P 1,755,152</u>	<u>P 5,496,193,456</u>	<u>P 6,012,622,261</u>
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 211,195,658	P 51,564,500	P 17,869,563	P 10,432,469	P 21,950	P 102,799,019	P 393,883,159
Additions	55,888,147	19,487,678	1,587,688	2,919,875	2,017,179	2,336,934,319	2,418,834,886
Disposal	-	(94,092)	(4,192,326)	-	-	-	(4,286,418)
Reclassification	32,066,847	-	-	-	-	1,268,968,128	1,301,034,975
Depreciation and amortization charges for the year	(15,023,215)	(12,094,554)	(1,917,897)	(3,603,081)	(101,604)	-	(32,740,351)
Balance at December 31, 2022, net of accumulated depreciation and amortization	<u>P 284,127,437</u>	<u>P 58,863,532</u>	<u>P 13,347,028</u>	<u>P 9,749,263</u>	<u>P 1,937,525</u>	<u>P 3,708,701,466</u>	<u>P 4,076,726,251</u>
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 169,885,320	P 39,103,235	P 9,380,276	P 8,093,487	P 3,286	P 104,849,195	P 331,314,799
Additions	11,782,632	21,800,399	13,413,303	6,126,083	22,322	32,976,828	86,121,567
Disposal	-	(66,514)	-	(517,582)	-	-	(584,096)
Reclassification	43,004,043	-	-	-	-	(35,027,004)	7,977,039
Depreciation and amortization charges for the year	(13,476,337)	(9,272,620)	(4,924,016)	(3,269,519)	(3,658)	-	(30,946,150)
Balance at December 31, 2021, net of accumulated depreciation and amortization	<u>P 211,195,658</u>	<u>P 51,564,500</u>	<u>P 17,869,563</u>	<u>P 10,432,469</u>	<u>P 21,950</u>	<u>P 102,799,019</u>	<u>P 393,883,159</u>

Depreciation and amortization expenses on property and equipment is presented as part of Operating Expenses in the statements of profits or loss (see Note 19).

In 2023, the Company reclassified Real Estate Inventory and Deposit from Purchased Properties with a carrying amount of P13,080,558 and P162,694,869, respectively, to Building and Parking Units as these properties will be used for administrative purposes.

In 2022, the Company reclassified certain retail buildings previously presented as Investment Properties with an aggregate amount of P1,301,034,975 to Property and Equipment (see Note 12). These pertain to the ongoing construction of buildings which will be used in hotel operations and for administrative purposes.

Borrowing costs that are capitalized as part of property and equipment amounted to P515,412,919 and P413,771,181 in 2023 and 2022, respectively, which represents the interest incurred on loans and corporate notes obtained to fund the construction projects (see Note 14). Capitalization rate used for the borrowings ranges from 4.75% to 9.25% and 4% to 8% in 2023 and 2022, respectively.

Property and equipment with a total carrying amount of P5,446,829,756 and P3,688,924,771 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans and borrowings (see Note 14).

As at December 31, 2023 and 2022, the cost of the Company's fully-depreciated property and equipment that are still used in operations amounts to P113,057,781 and P103,301,639, respectively.

11. LEASES

The Company entered into lease contracts, as lessee, for leases of land. With the exception of short-term leases and leases of low-value underlying assets, each lease is presented in the statement of financial position as Right-of-use Assets and the corresponding obligation as Lease Liabilities. Variable lease payments which do not depend on an index, or a rate are excluded from the initial measurement of the lease liability and asset.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For the lease on the land, the Company must insure all the improvements made on the property.

The table below describes the nature of the Company's leasing activity by type of right-of-use asset recognized in the statements of financial position.

	<u>Number of right-of-use asset leased</u>	<u>Range of remaining term</u>	<u>Number of leases with extension option</u>	<u>Number of leases with purchase option</u>	<u>Number of leases with termination option</u>
December 31, 2023					
Land	3	29 to 39 years	-	-	-
December 31, 2022					
Land	2	30 to 42 years	-	-	-

11.1 Right-of-use Assets

The carrying amounts of the Company's right-of-use assets as at December 31, 2023 and 2022 and the movements during the year are shown below.

	<u>2023</u>	<u>2022</u>
Cost		
Balance at beginning of year	P 980,062,635	P 927,188,591
Additions	-	52,874,044
Amendment of lease contract	<u>275,905</u>	<u>-</u>
Balance at end of year	<u>980,338,540</u>	<u>980,062,635</u>
Accumulated amortization		
Balance at beginning of year	69,312,681	46,931,213
Amortization	<u>23,422,604</u>	<u>22,381,468</u>
Balance at end of year	<u>92,735,285</u>	<u>69,312,681</u>
Carrying amount	<u>P 887,603,255</u>	<u>P 910,749,954</u>

11.2 Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Current	P 37,685,586	P 36,716,315
Non-current	<u>939,780,431</u>	<u>911,374,869</u>
	<u>P 977,466,017</u>	<u>P 948,091,184</u>

The contracts of lease do not provide for any future lease termination and extension options. The lease liabilities are secured by the related underlying asset. The undiscounted maturity analysis of lease liabilities are as follows:

	<u>2023</u>	<u>2022</u> (As restated - see Note 2)
Gross payments		
Within one year	P 37,685,586	P 36,716,315
From one to two years	40,551,343	37,527,340
From two to three years	53,991,333	40,463,482
From three to four years	55,067,747	53,991,333
From four to five years	56,693,315	55,067,747
More than five years	<u>3,151,343,613</u>	<u>3,208,036,928</u>
	<u>3,395,332,937</u>	3,431,803,145
Total discount	<u>(2,417,866,920)</u>	<u>(2,483,711,961)</u>
Net present value	<u>P 977,466,017</u>	<u>P 984,091,184</u>

11.3 Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize lease liability for short-term leases or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The expense relating to short-term leases and low-value assets and is presented as Rent as part of Operating Expenses in the statements of profit or loss (see Note 19).

11.4 Additional Profit or Loss and Cash Flow Information

The total cash outflows in respect of leases amounted to P36,783,822, P562,543 and P5,452,222 in 2023, 2022 and 2021, respectively. The Interest expense in relation to lease liabilities are presented as part of Finance Costs in the statements of profit or loss (see Note 22).

12. INVESTMENT PROPERTIES

The Company's investment properties include condominium units and retail building. The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2023 and 2022 are shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Construction in Progress</u>	<u>Total</u>
December 31, 2023					
Costs	P 818,087,172	P 804,566,616	P 31,371,804	P 8,167,614,923	P 9,821,640,515
Accumulated depreciation	(94,143,690)	(145,870,372)	(10,668,132)	-	(250,682,194)
Carrying amount	<u>P 723,943,482</u>	<u>P 658,696,244</u>	<u>P 20,703,672</u>	<u>P 8,167,614,923</u>	<u>P 9,570,958,321</u>
December 31, 2022					
Costs	P 777,095,974	P 804,566,616	P 31,371,804	P 8,525,649,180	P 10,138,683,574
Accumulated depreciation	(71,367,624)	(120,839,845)	(9,099,542)	-	(201,307,011)
Carrying amount	<u>P 705,728,350</u>	<u>P 683,726,771</u>	<u>P 22,272,262</u>	<u>P 8,525,649,180</u>	<u>P 9,937,376,563</u>
January 1, 2022					
Costs	P 776,845,973	P 792,007,014	P 31,371,804	P 4,831,135,183	P 6,431,359,974
Accumulated depreciation	(49,310,883)	(96,384,966)	(7,530,906)	-	(153,226,755)
Carrying amount	<u>P 727,535,090</u>	<u>P 695,622,048</u>	<u>P 23,840,898</u>	<u>P 4,831,135,183</u>	<u>P 6,278,133,219</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of year 2023, 2022 and 2021 is shown below.

	<u>Retail Building</u>	<u>Condominium Units</u>	<u>Parking Units</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation	P 705,728,350	P 683,726,771	P 22,272,262	P 8,525,649,180	P 9,937,376,563
Additions	40,991,198	-	-	1,094,007,916	1,134,999,114
Reclassifications	-	-	-	(1,452,042,173)	(1,452,042,173)
Depreciation during the year	(22,776,066)	(25,030,527)	(1,568,590)	-	(49,375,183)
Balance at December 31, 2023, net of accumulated depreciation	<u>P 723,943,482</u>	<u>P 658,696,244</u>	<u>P 20,703,672</u>	<u>P 8,167,614,923</u>	<u>P 9,570,958,321</u>
Balance at January 1, 2022, net of accumulated depreciation	P 727,535,090	P 695,622,048	P 23,840,898	P 4,831,135,183	P 6,278,133,219
Additions	250,000	-	-	4,995,548,972	4,995,798,972
Reclassifications	-	12,559,602	-	(1,301,034,975)	(1,288,475,373)
Depreciation during the year	(22,056,740)	(24,454,879)	(1,568,636)	-	(48,080,255)
Balance at December 31, 2022, net of accumulated depreciation	<u>P 705,728,350</u>	<u>P 683,726,771</u>	<u>P 22,272,262</u>	<u>P 8,525,649,180</u>	<u>P 9,937,376,563</u>
Balance at January 1, 2021, net of accumulated depreciation	P 561,426,632	P 476,377,691	P 25,409,488	P 2,966,272,566	P 4,029,486,377
Additions	696,786	-	-	2,389,279,378	2,389,976,164
Reclassifications	184,643,291	240,046,211	-	(524,416,761)	(99,727,259)
Depreciation during the year	(19,231,619)	(20,801,854)	(1,568,590)	-	(41,602,063)
Balance at December 31, 2021, net of accumulated depreciation	<u>P 727,535,090</u>	<u>P 695,622,048</u>	<u>P 23,840,898</u>	<u>P 4,831,135,183</u>	<u>P 6,278,133,219</u>

In 2023, the Company reclassified investment property to real estate inventories amounting to P1,452,042,173 (see Note 6). In 2022, the Company reclassified investment properties to property and equipment amounting to P1,301,034,975 (see Note 10) and reclassified real estate inventories to investment properties amounting to P12,559,602 (see Note 6).

Income and expenses from investment properties for the years ended December 31, 2023, 2022 and 2021 are presented below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Rental income:				
Retail building		P 66,607,399	P 58,487,878	P 61,961,988
Hotel		17,808,753	6,553,177	-
Condominium units		12,631,070	9,789,476	3,882,427
Parking units		823,682	922,042	728,102
Others		<u>3,642,292</u>	<u>-</u>	<u>1,416,978</u>
	17.1	<u>P 101,513,196</u>	<u>P 75,752,573</u>	<u>P 67,989,495</u>
Expenses:				
Depreciation	18	P 49,375,183	P 48,080,255	P 41,602,063
Repairs and maintenance	19	-	-	1,550,278
Others	18	<u>793,674</u>	<u>-</u>	<u>63,258</u>
		<u>P 50,168,857</u>	<u>P 48,080,255</u>	<u>P 43,215,599</u>

Investment properties have a total fair value of P10,480,049,923 and P10,917,052,491 as at December 31, 2023 and 2022, respectively, based on the appraisal done by an independent expert [see Note 30.3(c)]. On the basis primarily of the foregoing valuations, management has assessed that no impairment loss is required to be provided on the Company's investment properties as at December 31, 2023 and 2022.

Investment property with a total carrying amount of P5,641,374,289 and P5,614,802,742 as at December 31, 2023 and 2022, respectively, are used as collateral for certain interest-bearing loans of the Company (see Note 14).

13. OTHER NON-CURRENT ASSETS

This account includes the following:

	Note	<u>2023</u>	2022 (As Restated - see Note 2)
Deferred commission		P 822,527,957	P 461,875,996
Advances to subcontractors		540,406,800	473,134,430
Refundable deposits		135,422,187	113,438,998
Computer software - net		25,314,992	31,362,061
Investment in equity securities		9,375,002	9,375,002
Deferred input VAT		4,624,926	4,624,926
Deposits for purchased properties	25.3	169,252	163,134,122
Others		<u>1,342,728</u>	<u>1,934,145</u>
		<u>P 1,539,183,844</u>	<u>P 1,258,879,680</u>

Advances to subcontractors include advance payments for materials, payment of labor and overhead expenses for on-going construction of investment properties. These are applied against the progress billings of subcontractors.

Refundable deposits pertain to recoverable payments by the Company which are expected to be realized at the end of the term of the agreement. These are measured at amortized cost.

The gross carrying amounts and accumulated amortization of Computer software at the beginning and end of 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Cost	P 65,252,045	P 63,337,059
Accumulated amortization	(39,937,053)	(31,974,998)
Carrying amount	<u>P 25,314,992</u>	<u>P 31,362,061</u>

Deposit for purchased properties pertains to the condominium units purchased by the Company under pre-completed contracts. Upon completion, the Company intends to use these properties.

Total additions to computer software amounted to P1,914,986, P3,064,324 and P10,242,943 in 2023, 2022 and 2021, respectively. The amortization expense on the computer software amounted to P7,962,055, P8,831,626 and P8,983,546 in 2023, 2022 and 2021, respectively, and is presented as part of Depreciation and amortization under Operating Expenses in the statements of profit or loss (see Note 19).

14. INTEREST-BEARING LOANS AND BORROWINGS

The outstanding balance of interest-bearing loans and corporate notes are presented in the statement of financial position as follows:

	Notes	<u>2023</u>	<u>2022</u>
Current:			
Bank loans	14.1	P 8,951,962,280	P 6,403,789,653
Corporate notes	14.2	<u>1,491,666,667</u>	<u>1,117,559,524</u>
		10,443,628,947	7,521,349,177
Non-current:			
Bank loans	14.1	15,764,013,957	10,715,107,978
Corporate notes	14.2	<u>9,750,043,838</u>	<u>11,216,986,253</u>
		25,514,057,795	21,932,094,231
		<u>P35,957,686,742</u>	<u>P 29,453,443,408</u>

14.1 Bank Loans

An analysis of the movements in the balance of interest-bearing loans is presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 17,118,897,631	P 11,070,432,665
Proceeds and drawdowns - net	11,434,269,173	9,978,618,073
Repayments	(3,932,759,661)	(3,978,932,183)
Amortization of debt issue costs	<u>95,569,094</u>	<u>48,779,076</u>
Balance at end of year	<u>P24,715,976,237</u>	<u>P 17,118,897,631</u>

A reconciliation of the unamortized debt issue cost at the beginning and end of 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 77,970,874	P 43,461,023
Debt issue costs from new loans	135,897,962	83,288,927
Amortization of debt issue cost	(95,569,095)	(48,779,076)
Balance at end of the year	<u>P 118,299,741</u>	<u>P 77,970,874</u>

The loans bear interest rates per annum ranging from 4.75% to 9.25%, 4% to 7.50% and 4.25% to 5.55% in 2023, 2022, and 2021, respectively. Certain loans are collateralized by the certain projects for which the loans were obtained. The cost of such projects aggregating to P16,396,751,857 and P14,280,061,757 as at December 31, 2023 and 2022, respectively, are included in the Real Estate Inventories, Property and Equipment, and Investment Properties accounts in the statements of financial position (see Notes 6, 10 and 12).

The Group's new loans bear interest ranging from 5.25% to 9.25% in 2023 and 4.125% to 7.50% in 2022.

Total interest incurred from the foregoing loans, including amortization of debt issuance cost, amounted to P1,639,338,596, P798,855,982 and P350,165,748 in 2023, 2022 and 2021, respectively, and of which P1,219,699,156, P610,547,649 and P265,810,070, respectively, were capitalized as part of construction costs (see Notes 6, 10 and 12).

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 4.75% to 9.25% and 4% to 7.50% in 2023 and 2022, respectively.

14.2 Corporate Notes

The Company and various financial institutions executed a Notes Facility Agreement (NFA) for the issuance of long-term corporate notes (LTCN) totaling P13,000,000,000 and two short-dated notes (SDN) amounting to P2,000,000,000 and P3,000,000,000, respectively.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P12,334,545,777	P 15,839,776,726
Repayments	(1,117,559,524)	(3,545,238,095)
Amortization of debt issue cost	<u>24,724,252</u>	<u>40,007,146</u>
Balance at end of the year	<u>P 11,241,710,505</u>	<u>P 12,334,545,777</u>

The NFA is composed of the following tranches:

<u>NFA</u>	<u>Date Executed</u>	<u>Tranche</u>	<u>Tenor</u>	<u>Principal Amount</u>
LTCN	07/20/2018	Series A	Seven years	P 2,500,000,000
		Series B	Ten years	1,000,000,000
		Series C	Ten years with repricing on the interest rate re-setting date	1,500,000,000
	03/05/2020	Series D	Five years	1,300,000,000
		Series E	Seven years	5,700,000,000
		Series F	Ten years	<u>1,000,000,000</u>
				<u>P 13,000,000,000</u>
SDN	10/25/2019	SDN 1	18 months from drawdown date	P 2,000,000,000
	04/30/2021	SDN 2	18 months from drawdown date	<u>3,000,000,000</u>
				<u>P 5,000,000,000</u>

The Company made the following drawdowns from the NFA.

<u>Year</u>	<u>Tranche</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
2021	SDN 2	3.88%	November 2022	<u>P 3,000,000,000</u>
2020	Series D	3.46%	September 2025	P 1,300,000,000
	Series E	3.54% - 4.66%	April 2027	5,700,000,000
	Series F	4.23% - 5.23%	March 2030	<u>1,000,000,000</u>
				<u>P 8,000,000,000</u>
2019	Series A	7.25%	January 2026	P 2,000,000,000
	SDN 1	4.75%	April 2021	<u>2,000,000,000</u>
				<u>P 4,000,000,000</u>
2018	Series A	7.25%	December 2025	P 500,000,000
	Series B	6.63%	August - September 2028	1,000,000,000
	Series C	6.75%	October - December 2028	<u>1,500,000,000</u>
				<u>P 3,000,000,000</u>

In 2021 the Company recognized debt issuance costs for new NFA amounting to P27,236,842 which has a carrying amount of P77,634,734 and P102,358,985 as at December 31, 2023 and 2022, respectively, in relation to the drawdowns from the NFA. The debt issuance cost amortization in 2023, 2022 and 2021 amounted to P24,724,251, P40,007,146 and P40,721,693, respectively. The debt issuance costs are deducted from the fair value or issue price of the note.

The total interest incurred related to the NFA, including amortization of debt issuance cost, amounted to P667,255,268, P836,758,484 and P861,785,646 in 2023, 2022 and 2021, respectively, of which P667,255,268, P836,758,484 and P861,785,646 was capitalized as part of construction costs in 2023, 2022 and 2021, respectively (see Notes 6, 10 and 12).

The Company is required to maintain the specifically defined financial ratios with respect to (a) maximum debt to equity ratio ranging from 2.5:1 to 3.0:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Company is compliant with the requirements.

The total interest expense related to the above loans, which are included as part of Finance Costs in the statements of profit or loss (see Note 22).

The total accrued interest on bank loans and corporate notes amounted to P165,362,057 and P124,685,521 as at December 31, 2023 and 2022, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 16).

15. BONDS PAYABLE

On September 23, 2022, CLI registered with the SEC its debt securities program of P15,000,000,000 fixed rate bonds, which will be offered in one or more tranches within three years.

On October 7, 2022, the Company issued the first tranche of its fixed rate bonds amounting to P5,000,000,000 and was listed with the Philippine Dealing & Exchange Corp. (PDEx). The bonds have been rated “PRS Aa plus” with a stable outlook by PhilRatings and are comprised of the following tenors:

- Series A – maturity of 3.5 years and a coupon rate of 6.4222%;
- Series B – maturity of 5.5 years and a coupon rate of 6.9884%; and,
- Series C – maturity of 7 years and a coupon rate of 7.3649%.

In 2022, the Company recognized bond issuance costs amounting to P73,372,369 in relation to the issuance of the first tranche of the bonds, which has a carrying amount of P52,177,479 and P69,417,369 as at December 31, 2023 and 2022, respectively. In 2023, the Company capitalized a portion of the amortization of bond issuance costs amounting to P14,081,503 as part of real estate inventory, property and equipment and investment property. No similar capitalization was made in 2022. The Company expensed the amortization amounting to P3,158,387 and P3,955,000, in 2023 and 2022, respectively.

The total interest incurred related to the bonds, including amortization of bond issuance cost, amounted to P357,691,033 and P82,547,408 in 2023 and 2022, respectively, of which P290,834,552 and P67,102,788 was capitalized as part of real estate inventories and investment properties in 2023 and 2022, respectively. In 2023 and 2022, the Company recognized interest expense amounting to P66,856,481 and P15,444,620, respectively.

Capitalization rate used in determining the amount of interest charges qualified for capitalization ranges from 6.89% to 7.64% and from 6.89% to 7.64% in 2023 and 2022, respectively.

The Company is required to maintain the financial ratios with respect to (a) maximum debt to equity ratio of 2.5:1; (b) minimum current ratio of 1:1; and, (c) minimum interest coverage ratio of 3:1. As at December 31, 2023 and 2022, the Company is compliant with the requirements.

16. TRADE AND OTHER PAYABLES

This account is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Unbilled construction costs		P 7,413,695,902	P 7,353,664,380
Trade payables		2,935,361,656	2,597,240,481
Sales commissions payable		2,737,881,417	1,114,048,487
Retention payable		741,489,590	633,964,617
Accrued expenses	14	226,069,294	319,834,823
Government-related obligations		65,655,634	75,997,476
Due to related parties	25.2	60,834,175	62,484,708
Output VAT		39,027,257	41,500,631
Other payables		3,910,324	4,099,037
		<u>14,223,925,249</u>	<u>12,202,834,640</u>
Non-current:			
Retention payable		140,513,947	148,726,165
Advance rental		24,267,048	14,269,141
Security deposits from tenants		19,931,968	10,751,887
Accrued land cost		6,304,042	-
Other payables		2,500,063	2,487,778
		<u>193,517,068</u>	<u>176,234,971</u>
		<u>P 14,417,442,317</u>	<u>P 12,379,069,611</u>

Unbilled construction costs pertain to obligations to contractors for services already performed but not yet billed to the Company.

Trade payables mainly represent outstanding obligations to owners of parcels of land acquired, subcontractors and suppliers of construction materials for the Company's projects.

Sales commissions payable pertain to estimated obligations to agents.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. A portion of the amount retained that is not expected to be paid within 12 months from the end of the reporting period is presented as part of non-current liabilities in the statements of financial position.

Accrued expenses pertain to accruals for contracted services, security services, professional fees, and other recurring accruals in the Company's operations.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS AND CONTRACT BALANCES

17.1 Disaggregation of Contract Revenues

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical areas:

	2023				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 5,851,080,829	P 3,007,663,343	P 1,457,391,813	P 544,680,899	P 10,860,816,884
At a point in time	<u>17,677,346</u>	<u>139,887,766</u>	<u>49,590,140</u>	<u>22,880,000</u>	<u>230,035,252</u>
	5,868,758,175	3,147,551,109	1,506,981,953	567,560,899	11,090,852,136
<i>Lease of properties</i>					
Over time	101,513,196	-	-	-	101,513,196
<i>Render of management services</i>					
Over time	<u>75,098,972</u>	<u>24,874,604</u>	<u>54,403,224</u>	<u>-</u>	<u>154,376,800</u>
	<u>P 6,045,370,343</u>	<u>P 3,172,425,713</u>	<u>P 1,561,385,177</u>	<u>P 567,560,899</u>	<u>P 11,346,742,132</u>
	2022				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 4,896,280,081	P 3,514,891,401	P 2,837,004,591	P 7,441,250	P 11,255,617,323
At a point in time	<u>270,421,612</u>	<u>30,553,637</u>	<u>29,351,185</u>	<u>42,979,100</u>	<u>373,285,534</u>
	5,166,701,693	3,545,445,038	2,866,355,776	50,420,350	11,628,922,857
<i>Lease of properties</i>					
Over time	75,752,573	-	-	-	75,752,573
<i>Render of management services</i>					
Over time	<u>76,944,068</u>	<u>11,948,758</u>	<u>53,039,115</u>	<u>-</u>	<u>141,931,941</u>
	<u>P 5,319,398,334</u>	<u>P 3,557,393,796</u>	<u>P 2,919,394,891</u>	<u>P 50,420,350</u>	<u>P 11,846,607,371</u>
	2021				
	Cebu	Visayas	Mindanao	Luzon	Total
<i>Sale of real estate units</i>					
Over time	P 4,981,552,014	P 2,297,929,320	P 1,943,338,200	P -	P 9,222,819,534
At a point in time	<u>99,321,739</u>	<u>32,795,711</u>	<u>29,159,733</u>	<u>15,601,000</u>	<u>176,878,183</u>
	5,080,873,753	2,330,725,031	1,972,497,933	15,601,000	9,399,697,717
<i>Lease of properties</i>					
Over time	67,989,495	-	-	-	67,989,495
<i>Render of management services</i>					
Over time	<u>46,530,721</u>	<u>16,771,110</u>	<u>47,217,858</u>	<u>-</u>	<u>110,519,689</u>
	<u>P 5,195,393,969</u>	<u>P 2,347,496,141</u>	<u>P 2,019,715,791</u>	<u>P 15,601,000</u>	<u>P 9,578,206,901</u>

17.2 Contract Balance

The breakdown of contract balances is as follows:

	2023	2022
Contract assets	P32,717,768,497	P 25,386,768,172
Contract liabilities	(164,891,955)	(289,366,657)
Contract assets - net	<u>P32,552,876,542</u>	<u>P 25,097,401,515</u>

The Company recognizes a contract asset when the performance of property development is ahead of the collection of the consideration.

A reconciliation of the opening and closing balance of Contract Assets in 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P25,386,768,172	P 16,256,159,124
Performance of property development	10,909,809,204	11,522,430,042
Collections	(3,578,808,879)	(1,406,604,041)
Transfers to contract receivables	<u>-</u>	<u>(985,216,953)</u>
Balance at end of year	<u>P32,717,768,497</u>	<u>P 25,386,768,172</u>

Contract assets is presented in the statements of financial position as follows.

	<u>2023</u>	<u>2022</u>
Current	P19,482,468,256	P 14,063,209,951
Non-current	<u>13,235,300,241</u>	<u>11,323,558,221</u>
	<u>P32,717,768,497</u>	<u>P 25,386,768,172</u>

A reconciliation of the carrying amounts of contract liabilities at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 289,366,657	P 353,200,147
Revenue recognized that was included in contract liability at the beginning of year	(181,042,932)	(106,492,815)
Increase due to cash received excluding amount recognized as revenue during the year	<u>56,568,230</u>	<u>42,659,325</u>
Balance at end of year	<u>P 164,891,955</u>	<u>P 289,366,657</u>

Contract liabilities pertains to collections from buyers that are ahead of the stage of completion of the real estate units sold. Collections from buyers on sale of real estate units where the gating criteria for recognition of sales contract have yet to be met are accounted as Customers' Deposits, which amounted to P135,710,979 and P76,996,569 as at December 31, 2023 and 2022, respectively.

17.3 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as at December 31, 2023 and 2022 is P16,714,681,514 and P10,761,956,088, respectively. As at December 31, 2023 and 2022, the Company expects to recognize revenue from unsatisfied contracts as follows:

	<u>2023</u>	<u>2022</u>
Within a year	P11,250,735,558	P 5,138,616,192
More than one year to three years	<u>5,463,945,956</u>	<u>5,623,339,896</u>
	<u>P 16,714,681,514</u>	<u>P 10,761,956,088</u>

18. COSTS OF SALES AND SERVICES

Components of costs of sales and services are analyzed below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of real estate sales:				
Materials and contracted labor	19	P 4,127,147,153	P 4,909,657,508	P 3,934,382,086
Borrowing costs	19	1,020,382,662	353,230,629	531,194,326
Land cost	19	755,964,353	832,338,731	226,630,439
Other costs		<u>194,741,748</u>	<u>158,985,488</u>	<u>105,746,891</u>
		<u>6,098,235,916</u>	<u>6,254,212,356</u>	<u>4,797,953,742</u>
Cost of rental services:				
Depreciation	12	49,375,183	48,080,255	41,602,063
Real property taxes	12	<u>793,674</u>	<u>-</u>	<u>63,258</u>
		<u>50,168,857</u>	<u>48,080,255</u>	<u>41,665,321</u>
		<u>P6,148,404,773</u>	<u>P6,302,292,611</u>	<u>P4,839,619,063</u>

Cost of real estate sales include contracted services, cost of land, capitalizable borrowing costs and other costs incidental to housing and condominium projects development as shown in Note 19. Contracted services pertain to the constructions contracts which are related to construction labor and materials for the units sold.

19. COSTS AND EXPENSES BY NATURE

The details of costs and expenses by nature are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Materials and contracted labor	18	P 4,127,147,153	P 4,909,657,508	P 3,934,382,086
Borrowing cost	18	1,020,382,662	353,230,629	531,194,326
Land cost	18	755,964,353	832,338,731	226,630,439
Commissions and incentives	8	638,005,683	627,869,052	600,232,618
Salaries and employee benefits	23.1	607,390,097	515,728,192	431,568,938
Taxes and licenses		135,632,710	208,560,487	176,165,566
Depreciation and amortization	10, 11.1, 12, 13	131,323,468	115,405,442	102,154,493
Advertising		62,677,462	45,305,124	32,367,610
Repairs and maintenance	12	54,044,006	61,972,854	14,189,462
Security and janitorial services		39,950,608	22,184,525	11,083,160
Utilities		33,787,485	23,937,928	19,627,604
Insurance		32,814,534	19,446,501	14,083,581
Representation and entertainment		32,410,097	30,874,801	18,601,448
Transportation and travel		26,138,770	22,685,610	4,842,676
Penalties		22,366,855	2,874,976	1,819,433
Rent	11.3, 27.2	20,897,167	13,212,227	15,121,820
Professional and legal fees		20,567,022	24,661,729	25,220,118
Selling expense		17,021,412	4,812,800	1,443,463
Subscriptions and membership dues		16,922,321	12,993,887	12,934,117
Supplies		15,537,631	16,598,691	10,170,328
Fuel and lubricants		7,474,661	9,876,935	6,373,908
Communications		6,434,035	5,556,960	7,384,210
Donations		6,020,619	3,253,849	106,556,752
Trainings and seminars		1,594,705	1,463,617	856,107
Others		<u>284,873,299</u>	<u>287,015,458</u>	<u>165,845,105</u>
		<u>P 8,117,378,815</u>	<u>P 8,171,518,513</u>	<u>P 6,470,849,368</u>

The costs and expenses are classified in the statements of profit or loss as follows:

	Note	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost of sales and services	18	P6,148,404,773	P 6,302,292,611	P 4,839,619,063
Operating expenses		<u>1,968,974,042</u>	<u>1,869,225,902</u>	<u>1,631,230,305</u>
		<u>P 8,117,378,815</u>	<u>P 8,171,518,513</u>	<u>P 6,470,849,368</u>

20. OTHER OPERATING INCOME AND OTHER LOSSES

20.1 Other Operating Income

This account is composed of the following:

		<u>2023</u>	<u>2022</u>	<u>2021</u>
Administrative charges	P	125,496,612	P 63,889,484	P 37,634,896
Reversal of payables		115,283,578	-	61,690,791
Commitment fee		39,655,599	13,716,111	-
Documentation fee		23,192,879	10,039,993	8,536,557
Water service fee		16,337,568	14,260,920	11,150,077
Sponsorships		14,056,920	7,957,554	2,125,098
Utilities charged to tenants		10,723,514	3,902,053	5,749,848
Late payment penalties charged to customers		9,139,667	6,057,854	2,111,708
Scrap sales		2,163,848	2,017,777	2,541,366
Foreign exchange gains		1,338,935	4,262,002	1,410,012
Referral incentive		1,141,985	1,720,250	336,386
Reservation fees foregone		125,403	187,047	43,750
Move-in fee income		-	26,488,948	33,651,002
Concession income		-	-	1,733,355
Gain on remeasurement of Investment in associates		-	-	32,438,511
Others		<u>4,996,331</u>	<u>4,398,115</u>	<u>5,570,203</u>
		<u>P 363,652,839</u>	<u>P 158,898,108</u>	<u>P 206,723,560</u>

Administrative charges pertain to standard fees charged to the buyers when they withdraw from the sale.

Reversal of payables pertains to outstanding payables related to advances from buyers in excess of the paid transfer charges and move-in fees which are not refunded to the buyers. It also includes outstanding payables from cancelled contracts with certain building contractors and suppliers which the Group is no longer required to pay and income from the write-off of long-outstanding unidentified deposits.

Water service fee pertains to fees charged to home or unit-owners of the turned-over units and condominium projects.

Move-in fee income pertain to excess fees charged to real estate buyers upon turn-over of their units over the cost of services to make the buyers' units habitable which include requisition of building insurance and fire extinguisher, processing of related taxes, utility connections and others.

20.2 Other Losses - Net

This account is composed of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Foreign exchange losses	P 3,215,606	P 6,380,520	P 1,391,339
Losses due to typhoon	-	-	89,558,963
Loss (gain) on sale of assets - net	<u>17,411</u>	<u>(128,364)</u>	<u>16,577</u>
	<u>P 3,233,017</u>	<u>P 6,252,156</u>	<u>P 90,966,879</u>

Losses due to typhoon pertain to cost of damages sustained by the Company's projects and properties from a typhoon, which hit Cebu in 2021.

21. FINANCE INCOME

This is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest income on:				
Advances to related parties	25.1	P 32,371,122	P 58,794,923	P 26,524,249
Banks	4	11,618,139	11,881,039	2,819,951
Amortization of day one loss on non-current contract receivables - net	5	<u>-</u>	<u>-</u>	<u>1,160,937</u>
		<u>P 43,989,261</u>	<u>P 70,675,962</u>	<u>P 30,505,137</u>

22. FINANCE COSTS

This is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest expense on				
Interest-bearing loans	14	P 419,639,440	P 188,308,333	P 100,246,234
Bonds	15	66,856,481	15,444,620	-
Lease liabilities	11,32	65,882,750	61,205,859	52,757,989
Post-employment defined benefit obligation	23.3	428,176	241,469	24,537
Day-one loss, net of amortization	5	3,751,674	257,332	-
Bank charges		<u>279,094</u>	<u>307,009</u>	<u>440,856</u>
		<u>P 556,837,615</u>	<u>P 265,764,622</u>	<u>P 153,469,616</u>

Interest expense on loans is the portion not capitalized as part of real estate inventories, property and equipment or investment properties (see Notes 6, 10, and 12).

23. EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits (see Note 19) are presented below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits		P 600,634,984	P 508,138,583	P 426,966,578
Post-employment defined benefit	23.3	4,639,127	4,583,769	4,602,360
Share options	23.2, 26.4	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	19	<u>P 607,390,097</u>	<u>P 515,728,192</u>	<u>P 431,568,938</u>

23.2 Employee Share Option

Employee share option expense, included as part of Salaries and employee benefits expense under the Operating Expenses account in the statements of profit or loss, amounted to P2,115,986 in 2023 and P3,005,840 in 2022 (see Note 23.1), while the corresponding cumulative credit to Share Options Outstanding account is presented under the Equity section of the statements of financial position (see Note 26.4). There was no similar transaction in 2021.

23.3 Post-Employment Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains a funded and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Company. The trustee bank manages the fund in coordination with the Company's top management who acts in the best interest of the plan assets and is responsible for setting the investment policies. The post-employment plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with a minimum of five years of credited service and late retirement after age 60, both subject to the approval of the Company's BOD. Normal retirement benefit is an amount equivalent to 50% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment defined benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary in 2023 and 2022.

The amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

	<u>2023</u>	<u>2022</u>
Present value of the obligation	P 53,883,058	P 44,024,728
Fair value of plan assets	(43,487,144)	(34,634,633)
	<u>P 10,395,914</u>	<u>P 9,390,095</u>

The movements in the present value of the post-employment defined benefit obligation recognized in the books are presented as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 44,024,728	P 40,124,208
Current service cost	4,639,127	4,583,769
Interest cost	3,178,585	2,038,310
Benefits paid	(2,979,087)	(765,844)
Remeasurements - actuarial losses (gains) arising from:		
Changes in financial assumptions	2,343,402	(4,166,909)
Experience adjustments	2,676,303	2,211,194
Balance at end of year	<u>P 53,883,058</u>	<u>P 44,024,728</u>

The movements in the fair value of plan assets are presented below.

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 34,634,633	P 35,370,879
Interest income	2,750,409	1,796,841
Contributions	6,919,362	-
Loss on plan assets (excluding amounts included in net interest expense)	(817,260)	(2,533,087)
Balance at end of year	<u>P 43,487,144</u>	<u>P 34,634,633</u>

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	<u>2023</u>	<u>2022</u>
Unitized investment funds	P 35,963,869	P 29,623,378
Government securities	6,901,410	4,888,091
Cash and cash equivalents	530,543	84,245
Receivables	91,322	38,919
	<u>P 43,487,144</u>	<u>P 34,634,633</u>

The fair values of the above unitized investment funds and government debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations. The plan assets recognized an income of P1,933,149 in 2023 and a loss of P736,246 in 2022 and P507,111 in 2021.

The components of amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit post-employment plan are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Recognized in profit or loss</i>			
Current service cost - net	P 4,639,127	P 4,583,769	P 4,602,360
Net interest expense on defined benefit obligation	<u>428,176</u>	<u>241,469</u>	<u>24,537</u>
	<u>P 5,067,303</u>	<u>P 4,825,238</u>	<u>P 4,626,897</u>
<i>Recognized in other comprehensive income</i>			
Actuarial losses (gains) arising from changes in:			
Experience adjustments	P 2,676,303	P 2,211,194	(P 1,316,633)
Financial assumptions	2,343,402	(4,166,909)	(2,420,116)
Demographic assumptions		-	2,431,649
Loss on plan assets (excluding amounts included in net interest expense)	<u>817,260</u>	<u>2,533,087</u>	<u>870,008</u>
	<u>P 5,836,965</u>	<u>P 577,372</u>	<u>(P 435,092)</u>

The net interest expense is included in Finance Costs in profit or loss (see Note 22).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rates	6.12%	7.22%	5.08%
Salary increase rates	7%	7%	7%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 24.90. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are as follows:

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation:

	<u>Impact on Post-employment Defined Benefit Obligation</u>		
	<u>Changes in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
December 31, 2023			
Discount rate	+/-1.0%	(P 2,148,365)	P 1,759,621
Salary increase rate	+/-1.0%	2,571,038	(1,514,962)
December 31, 2022			
Discount rate	+/-1.0%	(P 1,499,020)	P 1,759,621
Salary increase rate	+/-1.0%	1,745,813	(1,514,962)

In addition, assuming there are no attrition rates, the increase in post-employment defined benefit obligation would be P102,849,832, P64,956,547 and P84,572,943 in 2023, 2022, and 2021, respectively.

The foregoing sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-Liability Matching Strategies*

To efficiently manage the retirement plan, the Company, through its Retirement Plan Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the post-employment obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments match the expected cash outflows arising from the post-employment obligations.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) *Funding Arrangements and Expected Contributions*

The Company does not expect to make a contribution during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	<u>2023</u>		<u>2022</u>
Within one year	P 36,662,697	P	31,203,897
More than one year to five years	11,257,978		10,454,910
More than five years to ten years	<u>11,757,739</u>		<u>11,154,743</u>
	<u>P 59,678,414</u>	P	<u>52,813,550</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.7 years.

24. CURRENT AND DEFERRED TAXES

The Company is registered with the Board of Investments (BOI) as a developer of various economic and low-cost housing projects. Accordingly, the Company enjoys an income tax holiday on the BOI registered projects within three to four taxable years from its registration. The Company has 8 and 10 registered projects with BOI as at December 31, 2023 and 2022, respectively.

The components of tax expense relating to profit or loss and other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Recognized in profit or loss</i>			
Current tax expense:			
RCIT at 25%	P 138,485,018	P 38,813,545	P 25,004,538
Final tax	2,323,592	2,375,510	547,058
Adjustment in 2020 income taxes due to change in income tax rates	<u>-</u>	<u>-</u>	<u>(6,800,285)</u>
	<u>140,808,610</u>	<u>41,189,055</u>	<u>18,751,311</u>
Deferred tax expense relating to:			
Origination and reversal of temporary differences	591,702,170	816,337,224	671,965,242
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(169,778,116)</u>
	<u>591,702,170</u>	<u>816,337,224</u>	<u>502,187,126</u>
	<u>P 732,510,780</u>	<u>P 857,526,279</u>	<u>P 520,938,437</u>
<i>Recognized in other comprehensive income</i>			
Deferred tax income (expense) arising from:			
Origination and reversal of temporary differences	P 1,459,242	P 144,343	(P 108,773)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(920,416)</u>
	<u>P 1,459,242</u>	<u>P 144,343</u>	<u>(P 1,029,189)</u>

In 2021, the recognized net deferred tax liabilities as at December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized deferred tax liabilities in 2020 by P168,857,700 and such was recognized in the 2021 profit or loss and in other comprehensive income.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss is presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P 1,081,641,969	P 1,015,835,979	P 781,184,332
Adjustments for income subject to lower tax rates	(580,943)	(594,750)	(157,930)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(176,578,401)</u>
Tax effects of:			
Non-taxable income	(305,762,480)	(107,674,441)	(290,234)
Timing difference from tax exempt real estate sales	(36,364,853)	(56,968,067)	(90,408,481)
Non-deductible expenses	<u>(6,422,913)</u>	<u>6,927,558</u>	<u>7,189,151</u>
Tax expense	<u>P 732,510,780</u>	<u>P 857,526,279</u>	<u>P 520,938,437</u>

Non-taxable income primarily pertains to the tax effect of the Company's share in net profit of its subsidiaries and associates which is a permanent difference for tax purposes.

The net deferred tax liabilities relate to the following as at December 31:

	<u>2023</u>	<u>2022</u>
Deferred tax liabilities:		
Difference between tax reporting base and financial reporting base used in sales recognition	P 3,066,638,124	P 2,438,897,120
Rental income	11,108,472	4,600,071
Post-employment defined benefit asset	875,788	-
Others	<u>-</u>	<u>11,541</u>
	<u>3,078,622,384</u>	<u>2,443,508,732</u>
Deferred tax assets:		
Recognition of commission	(112,382,021)	(81,631,338)
Net lease liabilities	(35,256,594)	(24,957,130)
Post-employment defined benefit obligation	(3,116,095)	(1,052,212)
Unamortized past service cost	(1,486,199)	(1,774,086)
Employee stock option	(644,905)	-
Others	(<u>1,659,926</u>)	(<u>260,250</u>)
	(<u>154,545,740</u>)	(<u>109,675,016</u>)
	<u>P 2,924,076,644</u>	<u>P 2,333,833,716</u>

The components of deferred tax expense (income) are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Deferred tax liabilities:			
Difference between tax reporting base and financial reporting base used in sales recognition	P 627,741,004	P 861,232,438	P 542,147,470
Rental income	6,508,401	11,891,664	1,158,026
Others	(67,882)	(319,048)	(54,733)
Deferred tax assets:			
Recognition of commission	(30,750,683)	(34,648,764)	(36,199,861)
Net lease liabilities	(10,299,464)	(20,896,832)	(5,163,596)
Unamortized past service cost	287,887	272,617	888,898
Post-employment defined benefit obligation-net	(1,188,097)	(1,078,942)	(589,078)
Others	(<u>528,996</u>)	(<u>115,909</u>)	<u>-</u>
Tax expense	<u>P 591,702,170</u>	<u>P 816,337,224</u>	<u>P 502,187,126</u>
<i>Reported in other comprehensive income:</i>			
Post-employment defined benefit obligation	(<u>P 1,459,242</u>)	(<u>P 144,343</u>)	<u>P 1,029,189</u>

In 2023, 2022 and 2021, the Company is subject to the minimum corporate income tax (MCIT) which is computed at 1% of gross income before July 1, 2023 and 2% thereafter, net of allowable deductions, as defined under the tax regulations, or to RCIT, whichever is higher. No MCIT was reported in 2023, 2022 and 2021 as the RCIT was higher than MCIT in these years.

The Company opted to treat the capitalized borrowing costs as capital expenditure in accordance with Section 34(b) of the NIRC; hence, there are no deferred taxes related to the transaction.

The Company opted to claim itemized deductions in computing its income tax due for the years ended December 31, 2023, 2022 and 2021.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent or ABS, entities under common ownership, associates, joint ventures, shareholders, the Company's key management personnel, and others.

A summary of the Company's transactions and outstanding balances with its related parties is presented below.

	Note	Amount of Transaction			Outstanding Balance	
		2023	2022	2021	2023	2022
Ultimate Parent Company						
Sale of real estate	25.4	P 4,638,528	P 5,902,841	P -	P 685,584	P 77,699,074
Entities under Common Ownership						
Net advances (collections)	25.1	2,603,003	2,858,969	12,778,398	40,141,370	37,538,367
Subsidiaries						
Advances to (collections)	25.1	787,326,615	450,691,824	669,293,633	655,969,100	1,443,295,715
Purchase of property	25.3	-	112,631,089	50,802,967	-	163,134,122
Accommodation payment	25.2	-	1,872,522	9,007,084	-	(62,484,708)
Associates						
Advances to (collections)	25.1	1,734,807	632,726	16,907	2,400,130	665,323
Key Management Personnel						
Sale of real estate	25.5	-	4,870,084	-	-	49,911,322
Compensation	25.6	209,130,536	150,137,277	122,750,352	-	-

Based on management's assessment, no impairment loss is required to be provided on the Company's receivables from related parties as at December 31, 2023 and 2022. The cash advances to and from related parties are noninterest-bearing, unsecured, due on demand and are expected to be settled in cash or offsetting of accounts within one year from end of the reporting period. In respect of contract receivables, it is fully secured by the units purchased, expected to be settled in cash and due based on the contract terms.

Details of the foregoing transactions follow.

25.1 Due from Related Parties

The Company grants cash advances to shareholders, entities under common ownership, subsidiary, associates, and joint ventures. An analysis of such advances in 2023 and 2022 is presented as follows:

		Entities Under Common Ownership	Subsidiaries	Associates	Total
Balance at January 1, 2023	P	37,538,367	P 1,443,295,715	P 665,323	P 1,481,499,405
Advances		6,696,668	191,978,479	2,328,000	201,003,147
Collections	(	4,093,665)	(979,305,094)	(593,193)	(983,991,952)
Balance at December 31, 2023	P	40,141,370	P 655,969,100	P 2,400,130	P 698,510,600
Balance at January 1, 2022	P	34,679,398	P 974,773,695	P 32,597	P 1,009,485,690
Advances		2,869,851	619,862,008	3,251,144	625,983,003
Collections	(	10,882)	(151,339,988)	(2,618,418)	(153,969,288)
Balance at December 31, 2022	P	37,538,367	P 1,443,295,715	P 665,323	P 1,481,499,405

The outstanding balances from these transactions, which are payable on demand, unsecured and interest bearing, are presented as Due from related parties in the statements of financial position. The interest income from these advances is presented as part of finance income (see Note 21).

25.2 Advances from Related Parties

In 2017, the Company assumed the development of Astra Center Project and acknowledged its obligation to ASF amounting to P59,610,753 for the development cost it incurred. The outstanding balance of the Company's payable to related parties as at December 31, 2023 and 2022, respectively and is presented as Due to related parties under of Trade and other payables in the statements of financial position (see Note 16).

25.3 Purchases of Condominium Units

The Company purchased condominium units that are still under construction from GGTT in 2021 and from BL Ventures in 2017. Contract prices of the purchased units from GGTT and BL Ventures amounted to P78,308,543 and P172,711,550, respectively.

In 2023, payments to GGTT and BL Ventures for such purchases amounted to P270,000 and nil, respectively.

In 2022, payments to GGTT and BL Ventures for such purchases amounted to nil, and P115,601,222, respectively.

The outstanding balance of the deposit for purchased properties from GGTT and BL Ventures amounted to P169,252 and P163,134,122 as at December 31, 2023 and 2022, respectively, which is presented, net of input VAT, as Deposits for purchased properties under Other non-current assets in the statements of financial position (see Note 13).

25.4 Sale of Real Estate to Ultimate Parent Company

In 2023, 2022 and 2021, the Company sold condominium units to the Ultimate Parent Company amounting to P4,638,528, P5,902,641 and nil, respectively. The outstanding balance related to this transaction is presented as part of Contracts receivable under the Receivables account in the statements of financial position (see Note 5).

25.5 Sale of Real Estate to Key Management Personnel

In 2023, 2022 and 2021, the Company sold condominium units totaling nil, P4,870,084 and nil, respectively, to key management personnel. The outstanding balance related to these transactions amounts to nil and P49,911,322 as at December 31, 2023 and 2022, respectively. These are presented as part of Contract receivables under the Receivables account in the statements of financial position (see Note 5).

25.6 Key Management Personnel Compensation

The composition of key management personnel compensation for the years ended December 31, 2023, 2022 and 2021 are shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	P 159,664,014	P 142,201,016	P 121,082,068
Post-employment benefits	47,350,536	4,930,421	1,668,284
Share options	<u>2,115,986</u>	<u>3,005,840</u>	<u>-</u>
	<u>P 209,130,536</u>	<u>P 150,137,277</u>	<u>P 122,750,352</u>

25.7 Retirement Fund

The Company's retirement fund for its defined post-employment plan is administered and managed by a trustee bank. The fair value of plan assets in 2023 and 2022 consists of the contributions to the plan and interest earned (see Note 23.3). The plan assets do not comprise investment in any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

26. EQUITY

26.1 Capital Stock

Details of the Company's authorized capital stock as at December 31, 2023 and 2022 are as follows:

	Shares		Amount	
	2023	2022	2023	2022
Preferred shares				
Authorized				
Series A – P1.00 par value	1,000,000,000		P 1,000,000,000	
Series B – P0.10 par value	<u>1,000,000,000</u>		<u>100,000,000</u>	
Total	<u>2,000,000,000</u>	<u>1,000,000,000</u>	<u>P 1,100,000,000</u>	<u>P 100,000,000</u>
Common shares – P1.00 par value				
Authorized	<u>9,000,000,000</u>	<u>10,000,000,000</u>	<u>P 9,000,000,000</u>	<u>P 10,000,000,000</u>
Issued:				
Balance at beginning and end of year	3,623,451,997	3,623,451,997	P 3,623,451,997	P 3,623,451,997
Treasury shares	(<u>158,250,530</u>)	(<u>158,250,530</u>)	(<u>732,664,604</u>)	(<u>732,664,604</u>)
Issued and outstanding	<u>3,465,201,467</u>	<u>3,465,201,467</u>	<u>P 2,890,787,393</u>	<u>P 2,890,787,393</u>

The par value of the authorized preferred shares in 2022 is P0.10 per share. There is no issued preferred stock as at December 31, 2023 and 2022.

On April 25, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI) of CLI to reallocate the authorized capital stock of P10,100,000,000 to be divided as follows:

- (a) 9,000,000,000 common shares with a par value of P1 per share;
- (b) 1,000,000,000 Series A preferred shares with a par value of P1 per share; and,
- (c) 1,000,000,000 Series B preferred shares with a par value of P0.10 per share.

The amendment to the AOI was later approved by the stockholders on June 1, 2023. On October 18, 2023, the SEC officially accepted CLI's application for the amendment of its AOI which was later approved on December 29, 2023.

The share price of the Company's common stock closed at P2.47 and P2.80 per share on December 29, 2023 and 2022, respectively, the last trading day in the PSE for 2023 and 2022.

The Company has no other listed equity securities as at December 31, 2023 and 2022.

26.2 Additional Paid-in Capital

On June 2, 2017, the Company made an initial public offering of 430,000,000 unissued common shares at an offer price of P5 per share, which is equivalent to P2,150,000,000. Accordingly, the Company recognized additional paid-in capital of P1,608,917,974 in the statements of financial position after deducting the related share issuance costs of P111,082,026.

26.3 Treasury Shares

An analysis of treasury shares as at December 31, 2023 and 2022, respectively is shown below.

	Shares		Amount	
	2023	2022	2023	2022
Balance at beginning of year	158,250,350	161,600,000	P 732,664,604	P 748,171,901
Re-issuance of shares	-	(3,349,470)	-	(15,507,297)
Balance at end of year	<u>158,250,530</u>	<u>158,250,530</u>	<u>P 732,664,604</u>	<u>P 732,664,604</u>

On February 27, 2018, the BOD of the Company approved a P250,000,000 budget for a share buy-back program and employee stock option plan. On March 2022, qualified employees started exercising their stock options (see Note 26.1).

On March 27, 2020, the BOD of the Company approved an additional P500,000,000 stock buy-back program for its valuation plans over the next two years.

In relation to this program, the Parent Company reacquired 2,599,600 shares and 104,180,400 shares of its common stock in 2021 and 2020, respectively, for P15,320,885 and P485,657,205, respectively, and presented them as Treasury Stock in the consolidated statement of financial position. No additional shares were reacquired in 2022.

In 2022, the Company has reissued 3,349,470 shares of treasury shares, respectively, as a result of exercise of the same number of stock options (see Note 26.4).

As at December 31, 2022 and 2023, total reacquired shares totals to 158,250,530 which amounts to P732,664,604.

The common stock of the Company that is held under nominee accounts totaled 1,285,302,905 shares and 1,307,052,405 shares as at December 31, 2023 and 2022, respectively. This represents 35% and 36% of the Company's outstanding shares as at December 31, 2023 and 2022, respectively.

26.4 Employee Share Option

On October 6, 2021, the BOD of the Company approved the Executive Stock Option Plan (ESOP) for its qualified officers. The ESOP grants options to purchase the shares of the Company at a price of P2.25 or current market price with a 15% discount, whichever is higher. Shares bought under the ESOP cannot be sold, assigned, or transferred in any manner for at least six months from the exercise date. Voting and dividend rights vest upon the issuance of the shares to the employees.

Pursuant to this ESOP, on January 5, 2022, the Company granted share options to qualified officers to subscribe to 31,016,200 common shares of the Company, with the following vesting period.

- The 1st 25% of the options granted can be exercised immediately upon the year of grant;
- The 2nd 25% of the options granted can be exercised one year after the options were granted;
- The 3rd 25% of the options granted can be exercised two years after the options were granted; and,
- The last 25% of the options granted can be exercised three years after the options were granted.

A total 3,349,470 share options at a price of P2.40 were exercised in 2022, respectively, using the Company treasury shares (see Note 26.3).

The fair value of the option granted was estimated using a variation of the Black-Scholes valuation model that takes into account factors specific to the ESOP. The following principal assumptions were used in the valuation:

Average option life	2.5 years
Average share price at grant date	P2.86
Average exercise price at grant date	P2.43
Average fair value at grant date	P0.15
Average standard deviation of share price returns	20.17%
Average dividend yield	14.95 %
Average risk-free investment rate	2.59 %

The underlying expected volatility was determined by reference to historical prices of the Company's shares over a period of five years.

Share option benefits expense, which is included as part of Salaries and employee benefits under the Operating Expenses account, amounting to P2,115,986 and P3,005,840 was recognized in 2023 and 2022, respectively (see Note 23.1), while the corresponding credit to Share Options Outstanding account is presented as under the Equity section of the statements of financial position.

26.5 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the statements of changes in equity at their aggregate amount under the Revaluation Reserves account are shown below.

	Notes	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		(P 13,910,501)	(P 13,477,472)	(P 12,883,375)
Other comprehensive loss:				
Gain (loss) on remeasurement of post-employment defined benefit obligation	23.3	(5,836,965)	(577,372)	435,092
Tax income (expense)	24	<u>1,459,242</u>	<u>144,343</u>	(<u>1,029,189</u>)
		(<u>4,377,723</u>)	(<u>433,029</u>)	(<u>594,097</u>)
Balance at end of year		(<u>P 18,288,244</u>)	(<u>P 13,910,501</u>)	(<u>P 13,477,472</u>)

26.6 Retained Earnings

(a) Cash Dividends

On March 15, 2022, the BOD declared regular and special cash dividends of P0.112 and P0.038 per share, respectively, totaling P519,780,221 to stockholders on record as of April 22, 2022 and were paid on May 17, 2022.

On March 20, 2023, the BOD declared regular and special cash dividends of P0.15 and P0.03 per share, respectively, totaling P623,736,263 to stockholders on record as of April 18, 2023. Such dividends were paid on April 28, 2023.

(b) Appropriations

On November 23, 2023 and December 6, 2022, the Parent Company's BOD approved the appropriation of P6,324,658,043 and P3,931,475,893, respectively, from its retained earnings for the construction of various real estate projects. The real estate projects are expected to be completed from dates ranging from the first quarter of 2023 until the second quarter of 2030.

The Parent Company released the appropriated retained earnings in 2022 amounting to P3,341,330,930 in 2023 and appropriated retained earnings in 2021 amounting to P172,049,912 in 2022 to unrestricted retained earnings after partial fulfillment of its intended purpose.

A portion of the Group's retained earnings, equivalent of the cost of treasury shares is legally restricted in accordance with Section 40 of the Revised Corporation Code.

In 2021, no appropriation has been made by the Parent Company and a release of P3,777,454,711 from previous appropriations are made.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

27.1 Operating Lease Commitments – Company as Lessor

The Company is a lessor under several operating leases covering investment properties (see Note 12). The leases have terms ranging from one to five years, with renewal options, and include annual escalation from 3% to 10%. The future minimum lease receivables under these agreements are presented below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Within one year	P 54,456,693	P 54,686,546	P 54,346,158
Within one to two years	39,968,650	40,327,275	32,369,818
Within two to three years	25,341,618	32,781,403	32,408,582
Within three to four years	19,829,151	22,147,218	21,895,339
Within four to five years	40,696,055	16,452,302	16,265,191
More than five years	<u>78,907,709</u>	<u>92,651,746</u>	<u>116,723,431</u>
	<u>P 259,199,876</u>	<u>P 259,046,490</u>	<u>P 274,008,519</u>

Rental income is shown in Notes 12 and 17.1. None of the rental income in 2023, 2022 and 2021 are relating to variable lease payments. Outstanding rent receivables as at December 31, 2023 and 2022 and are shown as Rent receivable under the Receivables account in the statements of financial position (see Note 5).

27.2 Operating Lease Commitments – Company as Lessee

The Company entered into several short-term cancellable leases for its billboards, warehouse and staff house. Rent expense incurred from the short-term cancellable leases are shown as Rent under Operating Expenses in the statements of profit or loss (see Note 19).

As at December 31, 2023 and 2022, the expected future rentals is expected to be more or less the same with the annual rent expense recognized because of the terms of the leases, which are less than 12 months.

27.3 Completion of Sold Units

The Company is obligated to finish the sold units that are at a certain stage of completion at the time of sale. The Company recognized a contract liability, which amounts to P164,891,955 and P289,366,657 as at December 31, 2023 and 2022, respectively, when it collects more than it is entitled to based on the stage of completion of the project development (see Note 17.2).

27.4 Purchase of Land

In 2022, the Company had agreed in principle with multiple sellers of real estate properties in various locations in Visayas and Mindanao for the acquisition of parcels of land for about P121,996,729. There were no such commitments as at December 31, 2023.

27.5 Capital Commitments

As at December 31, 2023 and 2022, the Company has capital commitments of about P4,100,931,220 and P3,997,304,687, respectively, for the construction of condominium and subdivision projects.

27.6 Others

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the financial statements because the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided cannot be measured reliably. As at December 31, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

28. EVENTS AFTER THE REPORTING PERIOD

28.1 Public Offering of Preferred Shares

On January 8, 2024, the BOD approved the proposed registration with the SEC of the Parent Company's perpetual, cumulative, non-voting, non-participating, non-convertible, and redeemable Philippine Peso-denominated Series "A" Preferred Shares with a firm offer of up to 3,000,000 Series "A" Preferred Shares with an oversubscription option up to 2,000,000 Series "A" Preferred Shares by way of a follow-on public offering. The Registration Statement covering the IPO was filed with the SEC and PSE on January 25, 2024 and January 26, 2024, respectively.

28.2 Declaration of Cash Dividends

On March 18, 2024, the Board approved the declaration of regular cash dividends amounting to P0.15 per share and special cash dividends amounting to P0.03 per share with record date on April 17, 2024 which will be paid on May 3, 2024.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 30. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Company is exposed to are described as follows.

29.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from its operating, investing and financing activities.

The Company has no significant foreign currency exposure risks as most of its transactions are carried out in Philippine pesos, its functional currency.

The Company has no significant interest rate risk exposure as most of its interest-bearing financial assets and liabilities bear fixed interest rates.

29.2 Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligation. To manage credit risk, the Company maintains credit policies and monitors its exposure to credit risk on a continuous basis.

Receivables balances are being monitored on a regular basis to ensure timely execution of necessary collection intervention efforts. In addition, the credit risk for trade receivables is mitigated as the Company transfers the corresponding title of the subdivision lots, house and lot units, condominium units and parking spaces only upon full payment of the contract price.

(a) *Maximum Exposure to Credit Risk*

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets (including contract assets), as summarized below.

	Notes	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	4	P 441,670,591	P 465,354,066
Receivables*	5	1,585,663,422	2,582,923,943
Contract assets	17.2	32,717,768,497	25,386,768,172
Due from related parties	25.1	698,510,600	1,481,499,405
Short-term investments	8	184,532,637	101,034,408
Refundable deposits	13	<u>135,422,187</u>	<u>113,438,998</u>
		<u>P35,763,567,934</u>	<u>P 30,131,018,992</u>

* *Receivables excludes advances to officers and employees.*

The estimated fair value of collateral and other security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure
2023			
Contract receivables	P 1,170,190,633	P 3,223,074,939	P -
Contract assets	<u>32,717,768,497</u>	<u>57,481,534,007</u>	<u>-</u>
	<u>P 33,887,959,130</u>	<u>P 60,704,608,946</u>	<u>P -</u>
2022			
Contract receivables	P 2,096,650,909	P 5,077,139,665	P -
Contract assets	<u>25,386,768,172</u>	<u>44,346,182,422</u>	<u>-</u>
	<u>P 27,483,419,081</u>	<u>P 49,423,322,087</u>	<u>P -</u>

(b) *Credit Risk Concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below.

	Current		Non-current	
	Within Six Months	Six to 12 Months	One to Five Years	More than Five Years
December 31, 2023				
Interest-bearing loans and borrowings	P 8,308,626,703	P 4,139,813,400	P24,318,315,445	P 5,499,406,048
Bonds payable	168,742,525	168,742,525	4,872,277,006	1,062,987,665
Trade and other payables*	<u>7,814,941,195</u>	<u>6,304,301,164</u>	<u>169,250,020</u>	<u>-</u>
	<u>P16,292,310,423</u>	<u>P10,612,857,089</u>	<u>P29,359,842,451</u>	<u>P 6,562,393,713</u>
December 31, 2022				
Interest-bearing loans and borrowings	P 6,156,471,789	P 2,043,253,024	P18,696,834,007	P 6,521,406,969
Bonds payable	168,742,525	168,742,525	3,849,718,073	2,423,031,648
Trade and other payables*	<u>6,689,182,884</u>	<u>5,396,153,649</u>	<u>161,965,830</u>	<u>-</u>
	<u>P13,014,397,198</u>	<u>P 7,608,149,198</u>	<u>P22,708,517,910</u>	<u>P 8,944,438,617</u>

* Trade and other payables exclude output VAT, government-related obligations and advance rental.

The foregoing contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are presented as follows:

	Notes	2023		2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	4	P 441,670,591	P 441,670,591	P 465,354,066	P 465,354,066
Receivables - net ¹	5	1,585,663,422	1,585,663,422	2,582,923,943	2,582,923,943
Due from related parties	25.1	698,510,600	728,553,541	1,481,499,405	1,545,218,694
Short-term investments	8	184,532,637	184,532,637	101,034,408	101,034,408
Refundable deposits	13	<u>135,422,187</u>	<u>135,422,187</u>	<u>113,438,998</u>	<u>113,438,998</u>
		<u>P 3,045,799,437</u>	<u>P 3,075,842,378</u>	<u>P 4,744,250,820</u>	<u>P 4,807,970,109</u>
Financial Liabilities					
Financial liabilities at amortized cost:					
Interest-bearing loans and borrowing	14	P 35,957,686,742	P 36,717,195,523	P 29,453,443,408	P 27,278,278,881
Bonds payable	15	4,947,822,521	5,154,973,779	4,930,582,631	5,074,171,211
Trade and other payables ²	16	<u>14,288,492,378</u>	<u>14,288,492,378</u>	<u>12,247,302,363</u>	<u>12,247,302,363</u>
		<u>P 55,194,001,641</u>	<u>P 56,160,661,680</u>	<u>P 46,631,328,402</u>	<u>P 44,599,752,455</u>

¹ Receivables - net excludes advances to subcontractors and advances to officers and employees.

² Trade and other payables excludes output VAT, government-related obligations and advance rental.

See Note 2.4 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		Net amount
	Financial assets	Financial liability set off		Financial instruments	Cash collateral received	
December 31, 2023						
Cash and cash equivalents	P 441,670,591	P -	P 441,670,591	P 393,361,510	P -	P 48,309,081
Short-term investments	<u>184,532,637</u>	<u>-</u>	<u>184,532,637</u>	<u>184,532,637</u>	<u>-</u>	<u>-</u>
Total	<u>P 626,203,228</u>	<u>P -</u>	<u>P 626,203,328</u>	<u>P 577,894,147</u>	<u>P -</u>	<u>P 48,309,081</u>
December 31, 2022						
Cash and cash equivalents	P 465,354,066	P -	P 465,354,066	P 427,494,831	P -	P 37,859,235
Short-term investments	<u>101,034,408</u>	<u>-</u>	<u>101,034,408</u>	<u>101,034,408</u>	<u>-</u>	<u>-</u>
Total	<u>P 566,388,474</u>	<u>P -</u>	<u>P 566,388,474</u>	<u>P 528,529,239</u>	<u>P -</u>	<u>P 37,859,235</u>

The following financial liabilities with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		Net amount
	Financial liabilities	Financial assets set off		Financial instruments	Cash collateral received	
December 31, 2023						
Interest-bearing loans	<u>P35,957,686,744</u>	<u>P -</u>	<u>P35,957,686,742</u>	<u>P 577,894,147</u>	<u>P -</u>	<u>P36,535,580,889</u>
December 31, 2022						
Interest-bearing loans	<u>P 29,453,443,409</u>	<u>P -</u>	<u>P 29,453,443,408</u>	<u>P 528,529,239</u>	<u>P -</u>	<u>P 29,981,972,647</u>

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties and contractors) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

30.3 Fair Value Measurements and Disclosures

(a) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(b) *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities, which are not measured at fair value in the 2023 and 2022 statements of financial position, but for which fair value is disclosed (see Note 30.1).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2023				
<i>Financial assets</i>				
Cash and cash equivalents	P 441,670,591	P -	P -	P 441,670,591
Receivables - net	-	-	1,585,663,422	1,585,663,422
Due from related parties	-	-	728,553,541	728,553,541
Short-term investments	184,532,637	-	-	184,532,637
Refundable deposits	-	-	135,422,187	135,422,187
	P 626,203,228	P -	P 2,449,639,150	P 3,075,842,378
<i>Financial liabilities</i>				
Interest-bearing loans	P -	P -	P 36,717,195,523	P 36,717,195,523
Bonds payable	-	-	5,154,973,779	5,154,973,779
Trade and other payables	-	-	14,288,492,378	14,288,492,378
	P -	P -	P 56,160,661,680	P 56,160,661,680
2022				
<i>Financial assets</i>				
Cash and cash equivalents	P 465,354,066	P -	P -	P 465,354,066
Receivables - net	-	-	2,582,923,943	2,582,923,943
Due from related parties	-	-	1,545,218,694	1,545,218,694
Short-term investments	101,034,408	-	-	101,034,408
Refundable deposits	-	-	113,438,998	113,438,998
	P 566,388,474	P -	P 4,139,581,635	P 4,807,970,109
<i>Financial liabilities</i>				
Interest-bearing loans	P -	P -	P 27,278,278,881	P 27,278,278,881
Bonds payable	-	-	5,074,171,211	5,074,171,211
Trade and other payables	-	-	12,247,302,363	12,247,302,363
	P -	P -	P 44,599,752,455	P 44,599,752,455

For the Company's financial assets and financial liabilities, which are measured at amortized cost, management has determined that their carrying amounts are equal to or approximate their fair values because, except for interest-bearing loans, of their short-term nature.

(c) *Fair Value Measurement for Non-financial Assets*

The Company has no non-financial assets measured at fair value as at December 31, 2023 and 2022. However, the fair values of its investment properties are required to be disclosed, as shown in Note 12.

The table below shows the Levels within the hierarchy of non-financial assets (investment property), which are not carried at fair value but whose fair value are required to be disclosed on a recurring basis as at December 31, 2023 and 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Investment properties	<u>P -</u>	<u>P -</u>	<u>P 10,840,049,923</u>	<u>P 10,480,049,923</u>
December 31, 2022				
Investment properties	<u>P -</u>	<u>P -</u>	<u>P 10,917,052,491</u>	<u>P 10,917,052,491</u>

In 2023 and 2022, the fair value of the Company's Investment Properties [see Note 3.2(d)] are determined on the basis of the appraisals performed by an independent external appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the parcels of land and buildings, and the comparable prices in the corresponding property location.

The fair value of these parcels of land, condominium units and retail building were determined based on the following approaches:

(i) *Fair Value Measurement for Land, Condominium Units and Retail Buildings*

The Level 3 fair value of the parcels of land, condominium units, retail building and parking slots under Investment Properties account was determined using the market approach, adjusted for differences in key attributes such as properties size, zoning and accessibility.

Under the market approach, when comparable lease offerings of similar properties and sales prices of comparable land properties in close proximity are used in the valuation of the subject property with insignificant adjustment on the price, fair value is included in Level 2. Consequently, if the observable recent prices of the reference properties were adjusted significantly for differences in key attributes such as properties size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) *Fair Value Measurement for Improvements under Retail Buildings*

The Level 3 fair value of building improvements presented as part of retail buildings under Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence.

The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change on the valuation techniques used by the Company, except as indicated above, during the period for its investment properties. Also, there were no transfers into or out of Level 2 fair value hierarchy for the years ended December 31, 2023 and 2022.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total interest-bearing loans and borrowings and bonds payable	P40,905,509,263	P 34,384,026,039
Total equity	<u>16,587,717,604</u>	<u>13,619,658,508</u>
Debt-to-equity ratio	<u>2.46:1.00</u>	<u>2.52:1.00</u>

The Company's goal in capital management is to limit a maximum interest-bearing debt to total equity structure ratio of 75:25 on a monthly basis (see Note 14). This is in line with the Company's compliance with requirement of the BOI and banks.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years ended December 31, 2023 and 2022.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank Loans <small>(see Note 14)</small>	Lease Liabilities <small>(see Note 11)</small>	Bonds Payable <small>(see Note 15)</small>	Total
Balance as of January 1, 2023	P29,453,443,408	P 948,091,184	P 4,930,582,631	P35,332,117,223
Cash flows from financing activities:				
Additional borrowings - net	11,434,269,173	-	-	11,434,269,173
Repayments	(5,050,319,185)	(36,783,822)	-	(5,087,103,007)
Non-cash financing activities:				
Amortization of debt issue cost	120,293,346	-	17,239,890	137,533,236
Interest amortization on lease obligation	-	65,882,750	-	65,882,750
Additional lease liabilities	-	275,905	-	275,905
Balance at December 31, 2023	<u>P35,957,686,742</u>	<u>P 977,466,017</u>	<u>P 4,947,822,521</u>	<u>P41,882,975,280</u>
Balance as of January 1, 2022	P26,910,209,391	P 834,573,823	P -	P27,744,783,214
Cash flows from financing activities:				
Additional borrowings - net	9,978,618,073	-	4,926,627,631	14,905,245,704
Repayments	(7,524,170,278)	(562,543)	-	(7,524,732,821)
Non-cash financing activities:				
Amortization of debt issue cost	88,786,222	-	3,955,000	92,741,222
Interest amortization on lease obligation	-	61,205,859	-	61,205,859
Additional lease liabilities	-	52,874,045	-	52,874,045
Balance at December 31, 2022	<u>P29,453,443,408</u>	<u>P 948,091,184</u>	<u>P 4,930,582,631</u>	<u>P35,332,117,223</u>
Balance as of January 1, 2021	P19,135,019,268	P 828,252,812	P -	P19,963,272,080
Cash flows from financing activities:				
Additional borrowings - net	12,999,276,695	-	-	12,999,276,695
Repayments	(5,288,736,576)	(5,452,222)	-	(5,294,188,798)
Non-cash financing activities:				
Amortization of debt issue cost	64,650,004	-	-	64,650,004
Interest amortization on lease obligation	-	52,757,989	-	52,757,989
Amendment of lease contract	-	(40,948,756)	-	(40,948,756)
Balance at December 31, 2021	<u>P26,910,209,391</u>	<u>P 834,573,823</u>	<u>P -</u>	<u>P27,744,783,214</u>

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Following is the supplementary information which is required by the Bureau of Internal Revenue under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic.

(a) *Output VAT*

In 2023, the Company declared output VAT as follows relating to sale of real estate:

	<u>Tax Base</u>	<u>Output VAT</u>
Taxable sales	P2,877,608,588	P 345,313,031
Exempt sales	2,828,636,265	-
Zero-rated services	<u>17,239,061</u>	<u>-</u>
	<u>P5,723,483,914</u>	<u>P 345,313,031</u>

The Company's taxable real estate sales (at 12% and 0%) and VAT exempt real estate sales were determined pursuant to Section 106, VAT on Sale of Goods or Properties and Section 109, *VAT-Exempt Transactions*, of the 1997 NIRC, as amended.

The tax base for the real estate sales is based on the provisions under the VAT regulations (installment plan or deferred payment basis); hence, may not be the same as the amounts reported in the 2023 profit or loss of the Company for financial reporting purposes.

(b) *Input VAT*

The movements in input VAT for the year ended December 31, 2023 are summarized below.

Balance at beginning of year	P 477,976,910
Goods for resale/manufacture or further processing	242,920,393
Services lodged under cost of goods sold and other accounts	394,063,763
Capital goods subject to amortization	3,727,753
Capital goods not subject to amortization	
Services rendered by non-residents	222,115
Input tax on sale to government	
Allocable to exempt sales	(249,847,836)
Applied against output VAT	(<u>345,313,031</u>)
Balance at end of year	<u>P 523,750,067</u>

(c) *Taxes on Importation*

The Company have one importation transaction during 2023. The details are as follows:

Dutiable value	1,841,888
Other charges	<u>9,072</u>
Total landed cost	1,850,960
VAT on importation rate	<u>12%</u>
Balance at end of year	<u>P 222,115</u>

(d) *Excise Tax*

The Company did not have any transactions in 2023, which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The details of the DST that was accrued and paid by the Company in 2023 are as follows:

Loans/Bonds/Mortgage	P 30,231,701
Conveyance of properties	36,459,120
Rentals	<u>181,656</u>
	<u>P 66,872,477</u>

The Company capitalized P26,341,305 of the documentary stamp tax as deduction of the interest-bearing loans.

(f) *Taxes and Licenses*

Details of taxes and licenses in 2023 are as follows:

DST	P	40,531,172
Land Registration Authority		23,855,543
Business Taxes and Permits		21,952,191
Real property tax		15,424,225
Transfer taxes		13,843,829
Bureau of Internal Revenue		9,736,840
Registry of Deeds		4,887,230
City Treasurer's Office		2,608,676
Bureau of Fire Protection		1,891,245
Others		503,075
Pag-IBIG processing fee		390,743
Securities and Exchange Commission		<u>7,941</u>
		<u>P 135,632,710</u>

(g) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2023 are as follows:

Expanded	P	270,686,841
Final		77,013,396
Compensation and employee benefits		<u>49,401,355</u>
		<u>P 397,101,592</u>

(h) *Deficiency Tax Assessments and Tax Cases*

As at December 31, 2023, the Company does not have any final deficiency tax assessments from BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in the open taxable years.